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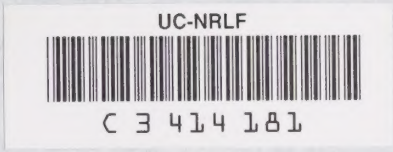

Annual Financial Report

County of Stanislaus, California

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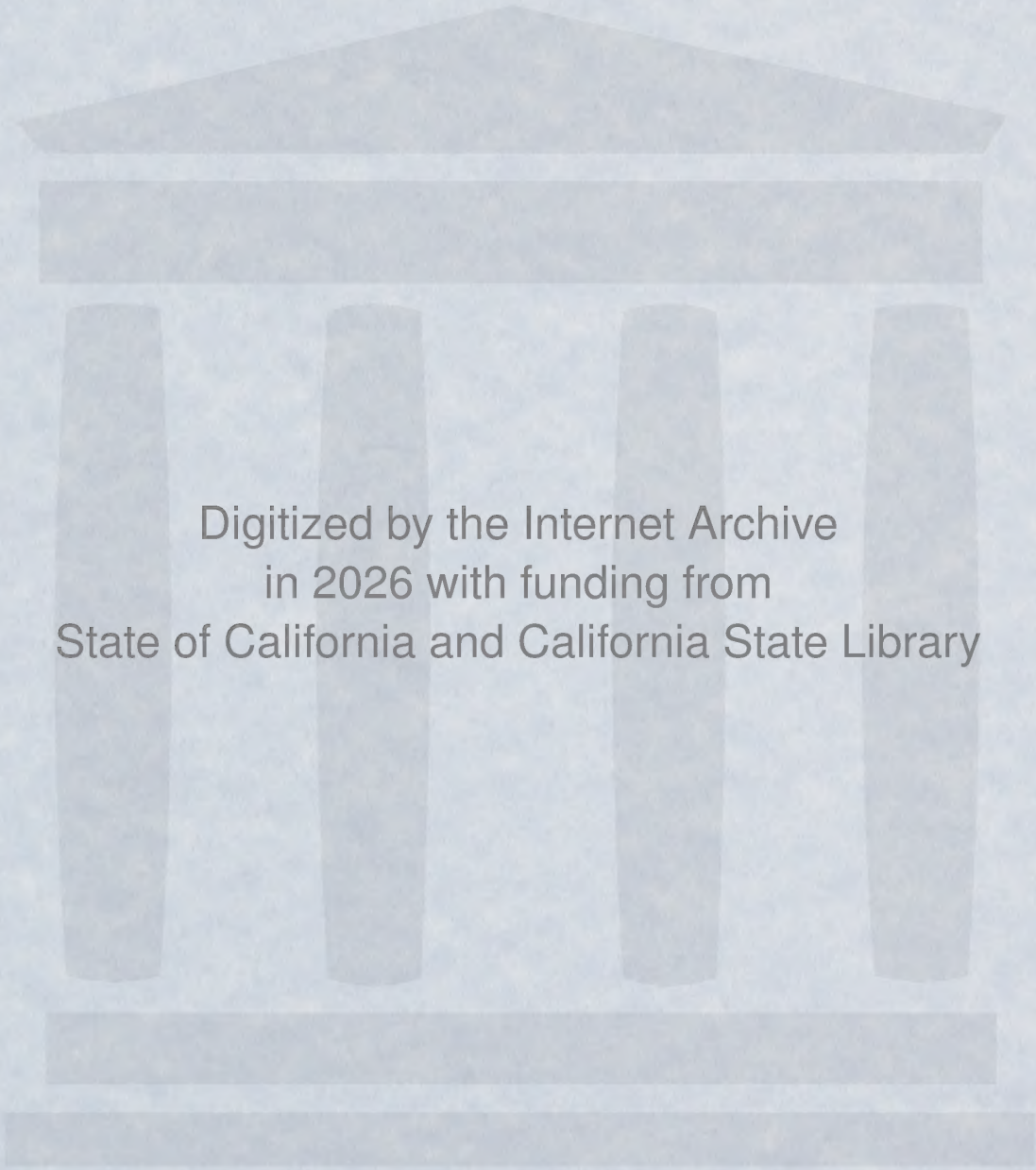
Fiscal Year Ended June 30, 2006



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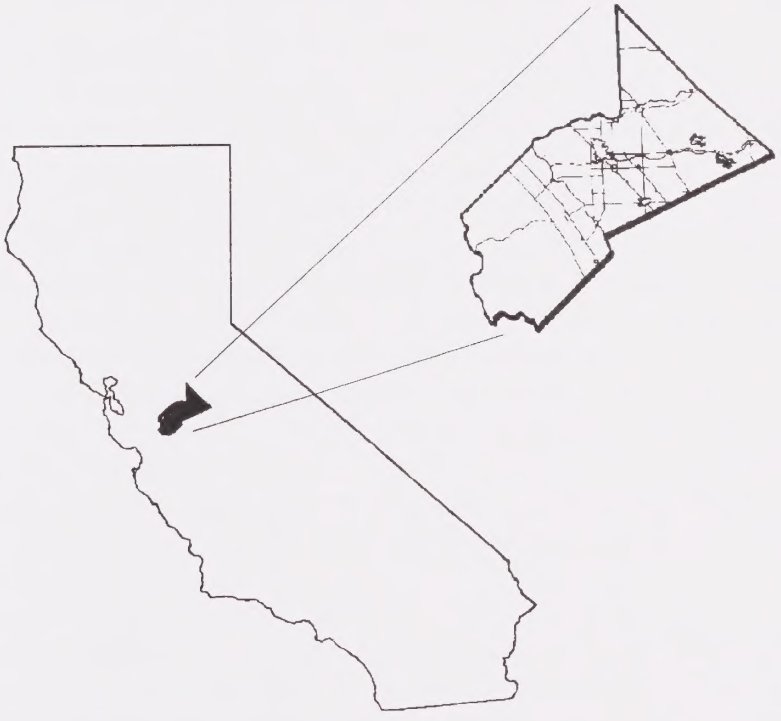
Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2006



Prepared By
Stanislaus County Auditor-Controller's Office
Larry D. Haugh, Auditor-Controller

COUNTY OF STANISLAUS

Annual Financial Report

For the Fiscal Year Ended June 30, 2006

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COUNTY OF STANISLAUS

Annual Financial Report

For the Fiscal Year Ended June 30, 2006

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Stanislaus
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Financial Section

BARTIG, BASLER & RAY, LLP
A GALLINA LLP COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Grand Jury and
Board of Supervisors
Stanislaus County
Modesto, CA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California, (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stanislaus County Employees Retirement Association, reported as a pension trust fund, which statements reflect total assets of $1,445,789,373 as of June 30, 2006, and total operating revenues of $161,555,596 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included in the Employees' Retirement Trust Fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

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The Honorable Grand Jury and
Board of Supervisors
Stanislaus County

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Stanislaus as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparisons for the General Fund, Behavioral Health and Recovery Special Revenue Fund and Community Services Agency Special Revenue Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2006 on our consideration of the County of Stanislaus' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig Basler & Ray, LLP

Roseville, California
September 28, 2006

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the County of Stanislaus (County), we offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2006. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2005-2006 fiscal year by $687 million *(net assets)*. Of this amount, $499 million is invested in capital assets net of related debt and $170 million is restricted for specific purpose (*restricted net assets*), leaving $18 million in unrestricted net assets.

- The government's total net assets increased by $39 million.

- As of June 30, 2006, the County governmental funds reported combined fund balances of $419 million, an increase of $90 million from the prior year. Approximately 81% of the combined fund balances, or $339 million is available to meet the County's current and future needs (*unreserved fund balance).*

- At the end of the fiscal year, unreserved fund balance for the general fund was $75 million, or 33% of total general fund expenditures and transfers.

- The County's total long-term debt increased by $45 million in fiscal year 2005-2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. There are three components to the County's basic financial statements 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The business-type activities of the County include the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit.

The government-wide financial statements include not only the County (known as the primary government), but also legally separate entities (component units) for which the County is financially accountable. There are five component units included in these financial statements. The Redevelopment Agency, Stanislaus County Capital Improvements Financing Authority, Stanislaus County Tobacco Funding Corporation, In-Home Supportive Services Public Authority and the Lighting Districts, although legally separate, function for all practical purposes as departments of the County and therefore, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

For the governmental funds, information is presented separately for the General Fund, Tobacco Settlement, Behavioral Health and Recovery Services, Community Services Agency, and Public Facility Fees, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and most of its special revenue funds. Budgetary comparison statements have been provided in this report for the General Fund and the major special revenue funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

The governmental funds financial statements can be found on pages 18-31 of this report

Proprietary funds are divided into two types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance activities, Central Services, Fleet Services, Technology and Communication, and Morgan Shop Garage. All of these activities, except the Professional Liability Self-insurance Fund, predominantly benefit governmental functions and have been included within *governmental activities* in the government-wide financial statements. The Professional Liability Insurance Fund predominantly benefits business type functions and is included within the *business-type* activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Fink and Geer Road Landfills, and the Health Clinics and Ancillary Services Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 38-80 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 81-95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $687 million at the close of the 2005/06 fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

By far the largest portion of the County's net assets (73%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Stanislaus Net Assets

	Governmental Activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 520,097,021	$ 412,400,831	$ 39,991,538	$ 41,366,654	$ 560,088,559	$ 453,767,485
Capital assets	559,863,930	572,374,789	30,988,335	27,524,260	590,852,265	599,899,049
Total assets	1,079,960,951	984,775,620	70,979,873	68,890,914	1,150,940,824	1,053,666,534
Long-term liabilities outstanding	361,126,912	312,468,531	3,490,172	4,071,578	364,617,084	316,540,109
Other liabilities	60,598,644	47,642,314	39,071,437	41,658,838	99,670,081	89,301,152
Total liabilities	421,725,556	360,110,845	42,561,609	45,730,416	464,287,165	405,841,261
Net assets:						
Invested in capital, net of related debt	468,897,825	486,725,321	29,741,803	25,967,054	498,639,628	512,692,375
Restricted	152,375,844	127,030,151	17,484,367	16,464,101	169,860,211	143,494,252
Unrestricted	36,961,726	10,909,303	(18,807,906)	(19,270,657)	18,153,820	(8,361,354)
Total net assets	$ 658,235,395	$ 624,664,775	$ 28,418,264	$ 23,160,498	$ 686,653,659	$ 647,825,273

Another significant portion of the County's net assets, $170 million, (25%) represents resources that are subject to external restrictions on how they may be used. The remaining $18 million of the County's net assets are unrestricted. At the end of the current fiscal year, the County is able to report, in total, positive balances in all three categories of net assets.

The County's total net assets increased by $39 million during the current fiscal year as revenues exceeded expenditures by that amount.

For business-type activities, the County reported a negative balance of $19 million in unrestricted net assets. This deficit is due primarily to the liability for post-closure maintenance in the closed Geer Road Landfill Fund and the accumulated deficit in the Health Clinics and Ancillary Services Fund.

Governmental activities Governmental activities increased the County's net assets by $33 million, mainly due to increased revenue keeping pace with the increases in expenditures.

The increased revenue came from $8 million in increased public facility fee revenue, $2.5 million in increased investment earnings, and $23 million in increased tax revenue.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities (Cont.)

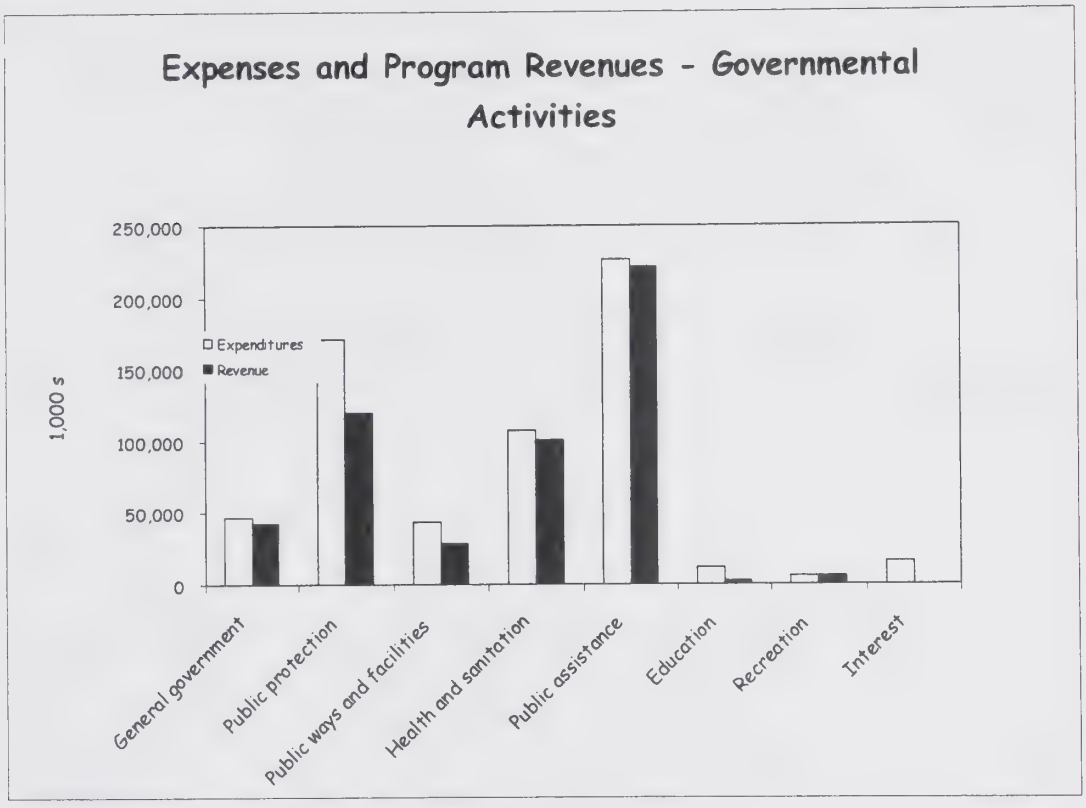
The following table indicates the changes in net assets for governmental and business-type activities:

County of Stanislaus Changes in Net Assets

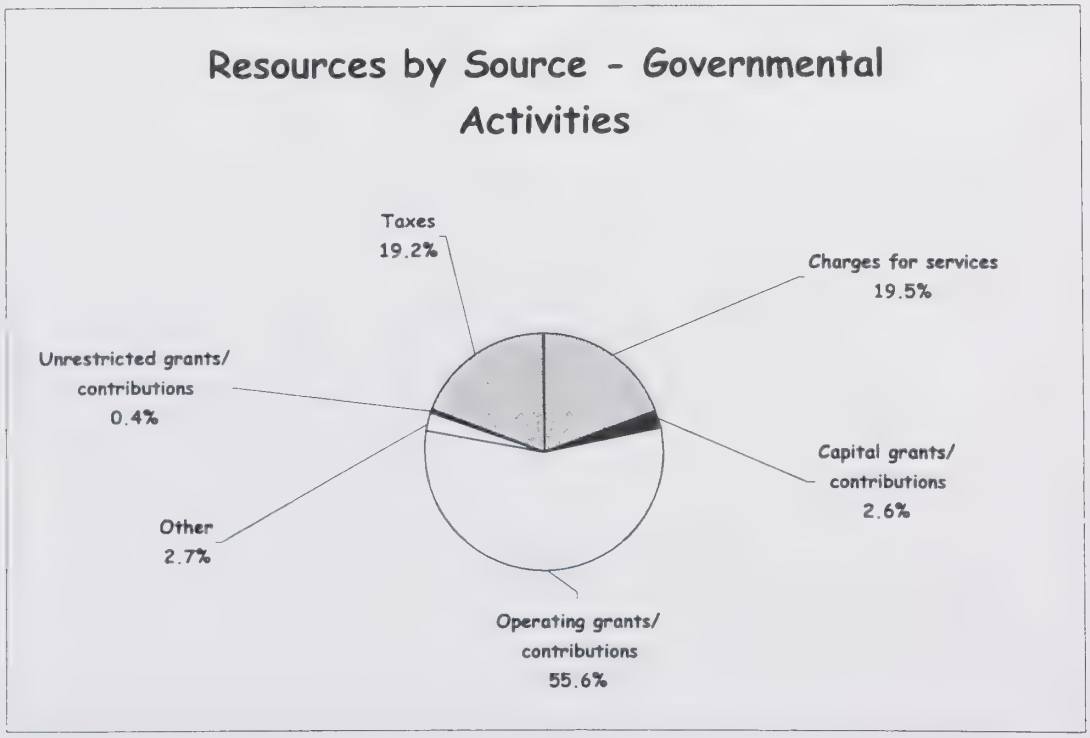
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	$ 130,770,055	$127,310,797	$ 61,740,079	$61,591,904	$ 192,510,134	$188,902,701
Operating grants and contributions	373,932,272	346,718,321	1,172,645	945,523	375,104,917	347,663,844
Capital grants and contributions	17,156,592	18,080,864	219,614	2,106,894	17,376,206	20,187,758
General revenues:						
Property taxes	91,742,755	36,762,205			91,742,755	36,762,205
Sales taxes	32,547,462	29,434,230	2,506,291	2,422,965	35,053,753	31,857,195
Other taxes	4,693,426	4,667,735			4,693,426	4,667,735
Unrestricted investment earnings	2,662,110	10,552,047	631,598	705,257	3,293,708	11,257,304
Grants/contributions not restricted	8,678,242	47,269,891			8,678,242	47,269,891
Other general revenue	9,652,580	21,966,785			9,652,580	21,966,785
Total revenues	671,835,494	642,762,875	66,270,227	67,772,543	738,105,721	710,535,418
Expenses:						
General government	46,905,827	43,758,556			46,905,827	43,758,556
Public protection	171,456,271	153,222,823			171,456,271	153,222,823
Public ways and facilities	43,300,626	49,611,339			43,300,626	49,611,339
Health and sanitation	107,002,519	104,052,780			107,002,519	104,052,780
Public assistance	226,912,785	216,024,493			226,912,785	216,024,493
Education	11,617,617	11,455,049			11,617,617	11,455,049
Recreation	5,936,392	5,367,318			5,936,392	5,367,318
Interest on long-term debt	15,794,464	17,509,698			15,794,464	17,509,698
Landfills			4,264,879	3,782,560	4,264,879	3,782,560
Behavioral health			16,574,026	16,256,875	16,574,026	16,256,875
Health clinics and ancillary			47,386,656	42,296,204	47,386,656	42,296,204
Inmate welfare and commissary			1,448,930	1,861,958	1,448,930	1,861,958
Transit			2,621,053	2,953,712	2,621,053	2,953,712
Total expenses	628,926,501	601,002,056	72,295,544	67,151,309	701,222,045	668,153,365
Net asset increase (decrease) before transfers	42,908,993	41,760,819	(6,025,317)	621,234	36,883,676	42,382,053
Transfers	(9,338,373)	(1,441,780)	9,338,373	1,441,780	-	-
Change in net assets	33,570,620	40,319,039	3,313,056	2,063,014	36,883,676	42,382,053
Net assets – July 1, restated	624,664,775	584,345,736	25,105,208	21,097,484	649,769,983	605,443,220
Net assets – June 30	$ 658,235,395	$624,664,775	$ 28,418,264	$23,160,498	$ 686,653,659	$647,825,273

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities (Cont.)

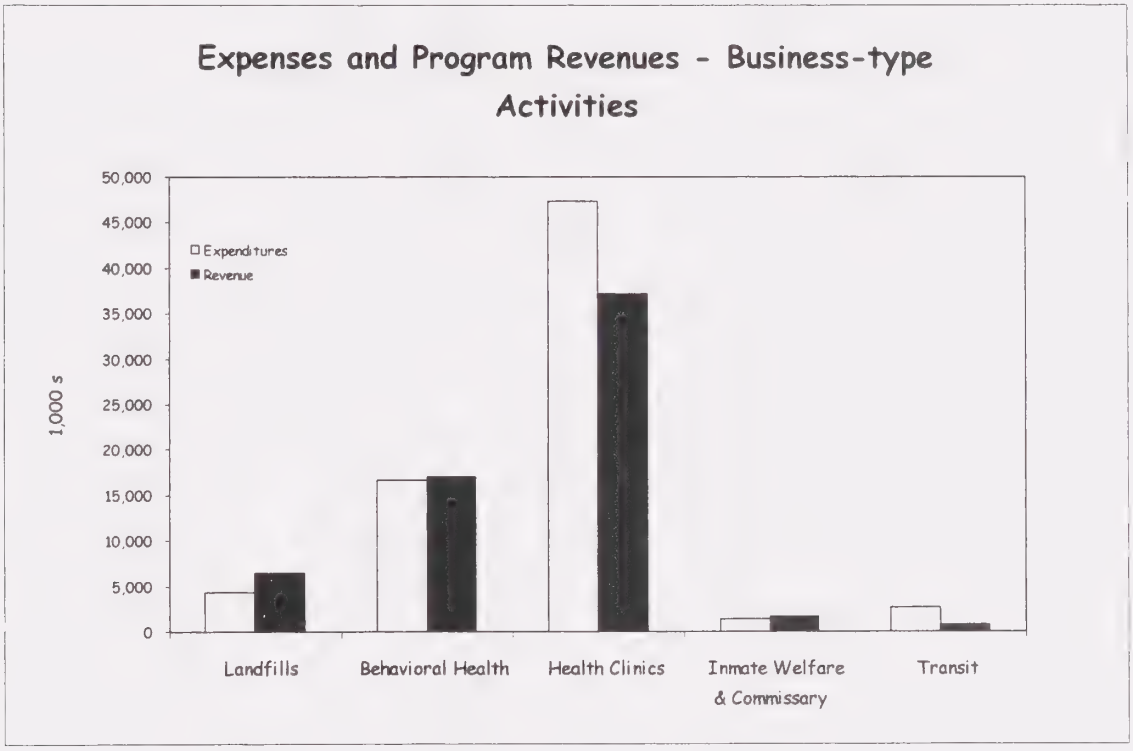


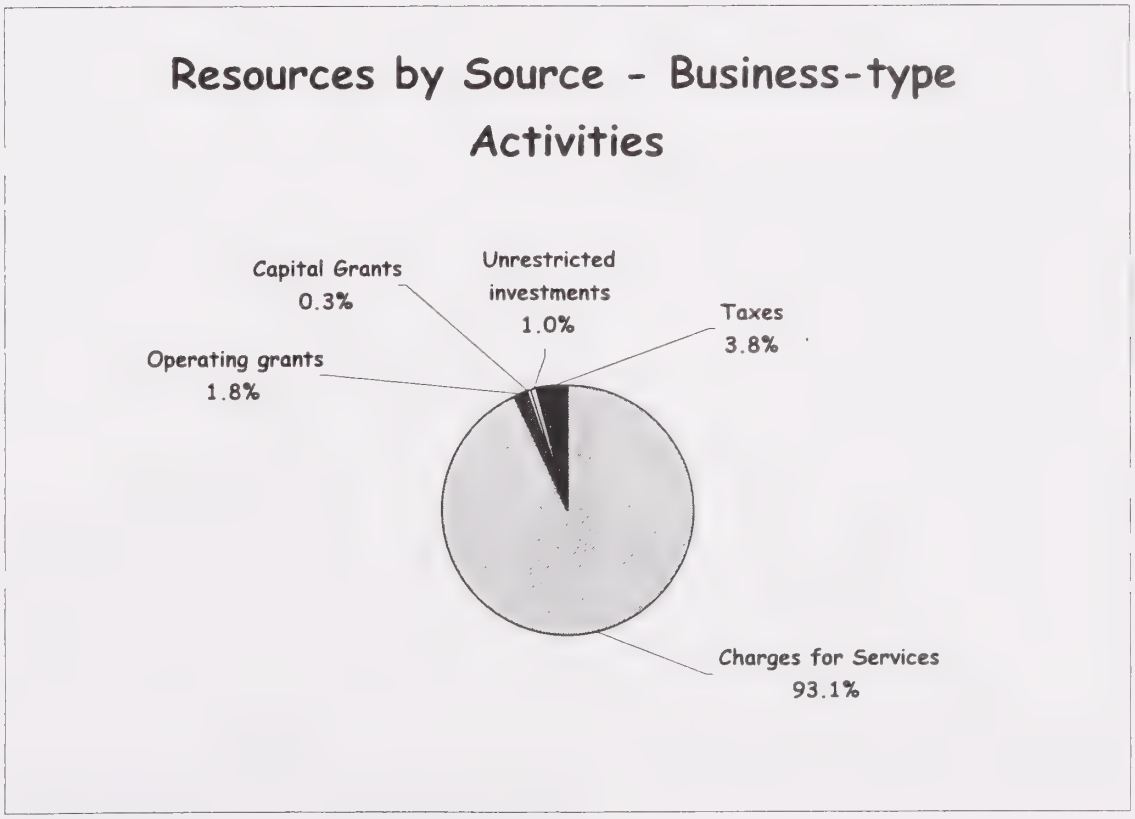
In 2005-2006, recreation program revenue is greater than expenditures because the County received $0.5 million in donated land for Frank Raines Park.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Business-type activities – Business-type activities net assets increased by $3.3 million due mainly to the Landfill's revenue exceeding its expenses.





FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses ***fund accounting*** to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the general, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2006, the County's governmental funds reported combined fund balances of $419 million, an increase of $90 million in comparison with the prior year. A large part of this increase came from $58 million in loan proceeds from a combination of the 2006 tobacco securitization and the Redevelopment Agency tax anticipation bonds. The rest of the increase can be attributed to an increase in taxes and penalties on delinquent taxes.

Approximately 81% ($339 million) of the combined fund balances constitutes *unreserved fund balance,* which is available for spending by the government. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed:

1) to pay debt service $19.1 million
2) to capital projects $11.7 million
3) to liquidate contracts and purchase orders of the prior period $22.7 million
4) to reflect amount due from other funds that are long-term in nature and thus do not represent available spendable resources $1.2 million
5) to reflect long term receivables for delinquent taxes due from taxpayers $18 million
6) to reflect amounts loaned to other governments that are long-term and do not represent available resources $1.4 million
7) to a variety of other restricted purposes $5.9 million.

The General Fund is the chief operating fund of the County. At June 30, 2006, unreserved fund balance of the General Fund was $75 million while total fund balance was $106 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33% of total fund expenditures and transfers, while total fund balance represents 47% of that same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, activity or for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the $75 million General Fund unreserved fund balance, 67% is designated. Unreserved, undesignated fund balance at year-end was $24 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont.)

The total fund balance of the County's General Fund increased by $24 million during the current fiscal year, largely due to an increase in taxes. Taxes increased by $21 million. Penalties on delinquent taxes increased by $3 million.

The debt service funds have a total fund balance of $19.1 million, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service funds was $3.5 million. This decrease can be attributed to annual debt service payments.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Stanislaus County Proprietary Funds				
	Major Funds			Non-major	
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary	Other Enterprise Funds	Total
Operating revenues	$ 5,941,131	$ -	$ 36,897,636	$18,901,314	$61,740,081
Operating expenses	4,264,167	712	47,198,129	20,537,625	72,000,633
Operating income (loss)	1,676,964	(712)	(10,300,493)	(1,636,311)	(10,260,552)
Non-operating revenues (expenses), net	958,730	117,486	(586,766)	2,943,555	3,433,005
Net income (loss) before contributions and transfers	2,635,694	116,774	(10,887,259)	1,307,244	(6,827,547)
Contributions and transfers	(450,776)	450,000	10,428,953	(1,089,804)	9,338,373
Net income	$ 2,184,918	$566,774	$ (458,306)	$ 217,440	$ 2,510,826

The net loss in the Health Clinics and Ancillary Services Fund results from the accrual of $1.1 million payment to the retirement system.

In October 2005, a class action lawsuit against the Stanislaus County Employee's Retirement Association (StanCERA) and the County was settled. The settlement involved the calculation of retirement benefits and the types of pay included for retirees who retired before October 1997. The court case required a retroactive recalculation and payout for certain class members. The resulting $6.8 million payment from the County to StanCERA was finalized in September 2006. At that time, the County Board approved using General Fund dollars to pay for the Health Clinics and Ancillary Fund's expense. The entire $6.8 million payment was included in the government-wide and proprietary fund expenses for fiscal year 2005-2006.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated $8.8 million in a contingency budget for emergencies and other unanticipated expenses as part of administrative policy. At year-end, revenues exceeded budgetary estimates in the General Fund by $17 million and expenditures were less than budgetary estimates.

During the year, expenditure appropriations were increased by $4.4 million resulting in a difference between the original budget and the final amended budget. This appropriation increase in the General Fund was for two State grants to replace and enhance the voting system used in the County and for increased District Attorney needs. The General Fund budget for match to other funds (transfers out) was also increased by $5.5 million for increased Behavioral Health and Recovery Services costs and for various capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to $591 million (net of accumulated depreciation). This investment in capital assets includes land and easements, roads, highways, bridges, park facilities, structures and improvements, and equipment. The County's total investment in capital assets for the current period decreased from the prior year due to depreciation.

Major capital asset events during the 2005-2006 fiscal year included the following:

- Construction continued on the 12th Street parking garage and office structure, expending $5.5 million of a $22.9 million project.

- Activity on the new Gallo Center for the Arts continued with $9.9 million expended on an overall $34.8 million project.

- Parks projects included $1.0 million in construction costs for improvements to Woodward Reservoir.

- Major public works projects included $1.8 million for improvements to the Geer Rd./Keyes Rd. intersection and $1.3 million as part of the school sidewalk program, providing safe walkways near schools.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

Capital assets (Cont.)

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

County of Stanislaus Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	$ 37,631,254	$ 36,805,123	$ 16,397,602	$ 16,306,069	54,028,856	$ 53,111,192
Infrastructure	342,201,335	364,831,858			342,201,335	364,831,858
Structures and improvements	108,946,881	112,926,737	10,342,989	7,133,395	119,289,870	120,060,132
Equipment	30,699,572	31,678,666	4,247,744	4,084,796	34,947,316	35,763,462
Construction in progress	40,384,888	26,132,405			40,384,888	26,132,405
Total	$559,863,930	$ 572,374,789	$ 30,988,335	$ 27,524,260	$ 590,852,265	$599,899,049

Long-term debt

At June 30, 2006, the County had total long-term debt outstanding of $314 million. The increase of $45 million from last year's outstanding debt results from the increased tobacco securitization borrowing and the new tax anticipation bonds issued by the Redevelopment Agency.

Our long-term debt ratings are an "A" from Standard and Poor's Corporation and an "A3" from Moody's Investor service.

County of Stanislaus
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Certificates of Participation	$ 115,444,217	$ 121,401,725	$ 1,034,456	$ 1,181,144	$ 116,478,673	$ 122,582,869
Pension Obligation Bonds	69,665,000	75,890,000			69,665,000	75,890,000
Tobacco Securitization Note	105,933,611	64,880,000			105,933,611	64,880,000
Accreted Interest Tobacco Note	446,033				446,033	-
RDA USDA Loan	4,430,000	4,480,000			4,430,000	4,480,000
RDA 2005 TAB	15,615,000				15,615,000	-
RDA State Water Board Loan	1,520,423	1,648,471			1,520,423	1,648,471
Total	$ 313,054,284	$ 268,300,196	$ 1,034,456	$ 1,181,144	$ 314,088,740	$ 269,481,340

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate in the County for September 2006 was 6.4% compared to 4.6% for the State of California and the nation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Cont.)

- Median home prices in Stanislaus County decreased 1.87% from September 2005 to September 2006.

- Housing sales decreased 44% from September 2005 to September 2006 and the County's transfer tax revenue from recorded home sales was down 41% in the same time period.

- During the current fiscal year, unreserved, undesignated fund balance in the General Fund decreased to $24 million as designations were increased by $28 million. The County has appropriated $6.1 million of the unreserved, undesignated fund balance for spending in the 2006-2007 fiscal year. In addition, as part of the 2006-2007 budget, the County has designated $8.5 million of General Fund unreserved, undesignated fund balance to repay the Fink Road Landfill Enterprise Fund for the purchase of land near the landfill.

- The 2006-2007 budget includes a contribution from the General Fund to the Health Clinics and Ancillary Services Fund of $6.4 million consistent with the second year goals of the Health Services Agency Strategic Plan.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 1010 Tenth Street, Suite 5100, P.O. Box 770, Modesto, CA 95353.

Basic Financial Statements

County of Stanislaus
Statement of Net Assets
June 30, 2006

	Governmental Activites	Business-type Activities	Total
ASSETS			
Cash and investments	$ 278,949,672	$ 11,472,751	$ 290,422,423
Investments with fiscal agent	130,107,539	202,147	130,309,686
Taxes receivable	26,588,322		26,588,322
Accounts receivable	47,803,527	16,275,441	64,078,968
Interest and other receivables	2,910,388	177,753	3,088,141
Deposit with others	581,730		581,730
Deferred charges	2,883,086		2,883,086
Inventory	629,473	545,741	1,175,214
Prepaid items	112,626	62,354	174,980
Loans to other governments	1,401,446		1,401,446
Internal balances	6,126,739	(6,126,739)	
Restricted cash and investments	5,394,638	17,382,090	22,776,728
Investments - Joint ventures	16,607,835		16,607,835
Capital assets: (net of accumulated depreciation)			
Land	37,631,254	16,397,602	54,028,856
Infrastructure	342,201,335		342,201,335
Structures and improvements	108,946,881	10,342,989	119,289,870
Equipment	30,699,572	4,247,744	34,947,316
Construction in progress	40,384,888		40,384,888
Total capital assets	559,863,930	30,988,335	590,852,265
Total assets	1,079,960,951	70,979,873	1,150,940,824
LIABILITIES			
Accounts payable	16,939,248	2,176,278	19,115,526
Salaries and benefits payable	19,235,914	2,733,741	21,969,655
Interest payable	3,499,516		3,499,516
Unearned revenue	18,381,551		18,381,551
Deposits from others	41,264	28,617	69,881
Due to other governments	2,501,151		2,501,151
Payables to external parties		20,557,292	20,557,292
Estimated cost of landfill closure/postclosure		13,575,509	13,575,509
Long-term liabilities:			
Portion due or payable within one year:			
Risk management liability - current	8,508,547	279,000	8,787,547
Capital leases - current	109,465	170,931	280,396
Compensated absences - current	789,316	108,448	897,764
Long-term obligations - current	16,308,414	152,800	16,461,214
Portion due or payable after one year:			
Risk management liability	14,341,439		14,341,439
Capital leases payable	149,962	41,145	191,107
Compensated absences	24,173,899	1,856,192	26,030,091
Long-term obligations	296,745,870	881,656	297,627,526
Total liabilities	421,725,556	42,561,609	464,287,165
NET ASSETS			
Investment in capital assets, net of related debt	468,897,825	29,741,803	498,639,628
Restricted for:			
Capital projects	92,742,504		92,742,504
Other purposes	59,633,340	17,484,367	77,117,707
Unrestricted (deficit)	36,961,726	(18,807,906)	18,153,820
Total net assets	$ 658,235,395	$ 28,418,264	$ 686,653,659

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 46,905,827	$ 25,071,142	$ 16,652,868	$ 779,496
Public protection	171,456,271	47,598,437	71,613,708	1,085,522
Public ways and facilities	43,300,626	13,523,739	559,053	14,274,265
Health and sanitation	107,002,519	34,027,134	66,444,715	128,737
Public assistance	226,912,785	4,562,731	217,091,251	
Education	11,617,617	1,791,647	394,904	198,843
Recreation	5,936,392	4,195,225	1,175,773	689,729
Interest and fiscal charges on long-term debt	15,794,464			
Total governmental activities	628,926,501	130,770,055	373,932,272	17,156,592
Business-type activities:				
Landfills	4,264,879	5,941,134	568,775	
Behavioral Health	16,574,026	17,043,260	271	
Health Clinics & Ancillary	47,386,656	36,897,631	327,221	
Inmate Welfare and Commissary	1,448,930	1,587,772	33,632	
Transit	2,621,053	270,282	242,746	219,614
Total business-type activities	72,295,544	61,740,079	1,172,645	219,614
Total Stanislaus County	$ 701,222,045	$ 192,510,134	$ 375,104,917	$ 17,376,206
General revenues:				
Taxes:				
Property taxes				
Property taxes in lieu vehicle license fees				
Property taxes - unsecured				
Sales taxes				
Sales taxes - library				
Sales taxes - road				
In lieu sales tax				
Other taxes				
Franchise fees				
Payment in lieu of taxes:				
Open space subvention				
Unrestricted investment earnings				
Miscellaneous				
Net transfers				
Total general revenues and transfers				
Changes in net assets				
Net assets--beginning				
Prior period adjustment				
Net assets--beginning, restated				
Net assets--ending				

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2006

Net (Expense) Revenue and Changes in Net Assets			Functions/Programs
Governmental Activities	Business-Type Activities	Total	
			Primary government
			Governmental activities:
$ (4,402,321)	$	$ (4,402,321)	General government
(51,158,604)		(51,158,604)	Public protection
(14,943,569)		(14,943,569)	Public ways and facilities
(6,401,933)		(6,401,933)	Health and sanitation
(5,258,803)		(5,258,803)	Public assistance
(9,232,223)		(9,232,223)	Education
124,335		124,335	Recreation
(15,794,464)		(15,794,464)	Interest and fiscal charges on long-term debt
(107,067,582)		(107,067,582)	Total governmental activities
			Business-type activities:
	2,245,030	2,245,030	Landfills
	469,505	469,505	Behavioral Health
	(10,161,804)	(10,161,804)	Health Clinics & Ancillary
	172,474	172,474	Inmate Welfare and Commissary
	(1,888,411)	(1,888,411)	Transit
	(9,163,206)	(9,163,206)	Total business-type activities
$ (107,067,582)	$ (9,163,206)	$ (116,230,788)	Total Stanislaus County
			General revenues:
			Taxes:
43,928,837		43,928,837	Property taxes
46,003,427		46,003,427	Property taxes in lieu vehicle license fees
1,810,491		1,810,491	Property taxes - unsecured
17,537,456	2,506,291	20,043,747	Sales taxes
8,686,617		8,686,617	Sales taxes - library
1,786,973		1,786,973	Sales taxes - road
4,536,416		4,536,416	In lieu sales tax
4,693,426		4,693,426	Other taxes
1,053,101		1,053,101	Franchise fees
			Payment in lieu of taxes:
1,609,009		1,609,009	Open space subvention
8,678,242	631,598	9,309,840	Unrestricted investment earnings
9,652,580		9,652,580	Miscellaneous
(9,338,373)	9,338,373		Net transfers
140,638,202	12,476,262	153,114,464	Total general revenues and transfers
33,570,620	3,313,056	36,883,676	Changes in net assets
624,664,775	23,160,498	647,825,273	Net assets--beginning
	1,944,710	1,944,710	Prior period adjustment
624,664,775	25,105,208	649,769,983	Net assets--beginning, restated
$ 658,235,395	$ 28,418,264	$ 686,653,659	Net assets--ending

County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2006

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and investments	$ 67,576,254	$	$ 748,050	$ 12,315,714	$ 78,990,720	$ 90,543,410	$ 250,174,148
Investments with fiscal agent	1,000,087	98,315,916				30,791,535	130,107,538
Taxes receivable	26,567,458					20,864	26,588,322
Accounts receivable	15,948,547		9,266,451	4,072,353	1,069,759	17,369,704	47,726,814
Interest and other receivables	886,195	873,947	28,457		482,158	489,397	2,760,154
Due from other funds	395,708		5,535,744	168,229		3,858,325	9,958,006
Deposit with others	10,000						10,000
Inventory						323,201	323,201
Loans to other governments	1,401,446						1,401,446
Advances to other funds	500,000					690,422	1,190,422
Prepaid items						38,025	38,025
Restricted cash and investments	5,394,638						5,394,638
Total assets	$ 119,680,333	$ 99,189,863	$ 15,578,702	$ 16,556,296	$ 80,542,637	$ 144,124,883	$ 475,672,714
Liabilities and fund balances							
Liabilities							
Accounts payable	$ 4,421,617	$	$ 4,097,411	$ 518,522	$ 16,832	$ 6,533,669	$ 15,588,051
Salaries and benefits payable	6,107,614		1,384,983	2,608,736		3,411,753	13,513,086
Due to other funds	452,151		1,552,079			1,431,329	3,435,559
Due to other governments				13,384		2,487,767	2,501,151
Deposits from others	11,585					29,679	41,264
Deferred revenue	2,289,610	873,948	4,556,583	10,768,846		1,562,293	20,051,280
Advances from other funds						1,190,422	1,190,422
Total liabilities	13,282,577	873,948	11,591,056	13,909,488	16,832	16,646,912	56,320,813
Fund balances:							
Reserved for							
Encumbrances	6,386,072		486,222	90,000		15,748,171	22,710,465
Advances to other funds	500,000					690,422	1,190,422
Long term receivables	18,005,603						18,005,603
Loans to other governments	1,401,446						1,401,446
Other	5,473,993		8,601	27,350		367,475	5,877,419
Capital projects						11,759,980	11,759,980
Debt service						19,080,554	19,080,554
Unreserved:							
Designated for:							
Debt service	11,779,259						11,779,259
Contingencies	33,233,602						33,233,602
Carryover appropriations	5,247,073						5,247,073
Reported in :							
General fund	24,370,708						24,370,708
Special revenue funds		98,315,915	3,492,823	2,529,458		58,668,449	163,006,645
Capital project funds					80,525,805	21,076,634	101,602,439
Debt service funds						86,286	86,286
Total fund balances	106,397,756	98,315,915	3,987,646	2,646,808	80,525,805	127,477,971	419,351,901
Total liabilities and fund balances	$ 119,680,333	$ 99,189,863	$ 15,578,702	$ 16,556,296	$ 80,542,637	$ 144,124,883	$ 475,672,714

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds (page 18)		$ 419,351,901
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 37,631,254	
Infrastructure	342,201,335	
Structures and improvements	108,079,953	
Equipment	25,591,321	
Construction in progress	40,384,888	
Total capital assets		553,888,751
Investments - Joint ventures		16,607,835
Internal service funds are used by the County to charge the cost of general liability, unemployment, worker's compensation, dental, vision, & purchased insurance plus Central services, Fleet services, Technology & communication and Morgan garage to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		10,634,680
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds.		1,669,729
Costs of issuance that benefit future periods are recognized as expenditures in the funds.		2,883,086
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.		
Balances at June 30, 2006 are:		
Certificates of participation	$(115,444,217)	
Bonds payable	(91,230,423)	
Tobacco securitization notes	(106,379,644)	
Capital leases	(256,376)	
Accrued interest on long term debt	(3,499,516)	
Ventura litigation settlement	(5,495,359)	
Compensated absences	(24,495,052)	
Total long-term liabilities		(346,800,587)
Net assets of governmental activities (page 15)		$ 658,235,395

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	$ 112,967,213	$	$	$	$	$ 15,930,597	$ 128,897,810
Licenses, permits and franchises	2,260,109			62,986		3,472,051	5,795,146
Fines, forfeitures and penalties	9,812,600		66,552			2,413,931	12,293,083
Revenue from use of money and property	6,008,328	1,796,350	157,308	3,157	2,693,781	4,192,649	14,851,573
Intergovernmental	72,083,675		32,897,051	201,682,903		78,764,944	385,428,573
Charges for services	40,262,365		19,352,485	2,431,158	20,425,405	31,098,472	113,569,885
Miscellaneous	2,312,185		44,564	834,988		6,460,843	9,652,580
Total revenues	245,706,475	1,796,350	52,517,960	205,015,192	23,119,186	142,333,487	670,488,650
EXPENDITURES:							
Current:							
General government	33,534,625					10,970,938	44,505,563
Public protection	123,311,073		1,026,826			40,492,958	164,830,857
Public ways and facilities	266,026					20,888,547	21,154,573
Health and sanitation	5,438,487		60,522,163			42,139,185	108,099,835
Public assistance	297,370			209,300,882		16,947,078	226,545,330
Education	356,064					10,166,564	10,522,628
Recreation and cultural services	4,401,579					12,744	4,414,323
Capital outlay					21,236	18,382,852	18,404,088
Debt service:							
Interest and fiscal charges	2,268		936	7,797		16,369,483	16,380,484
Principal	20,770		9,537	88,729		13,459,548	13,578,584
Total expenditures	167,628,262		61,559,462	209,397,408	21,236	189,829,897	628,436,265
Excess revenues over (under) expenditures	78,078,213	1,796,350	(9,041,502)	(4,382,216)	23,097,950	(47,496,410)	42,052,385
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds			15,175	204,592			219,767
Transfers in	5,412,822		10,684,092	7,547,704		54,983,809	78,628,427
Transfers out	(59,040,642)	(1,918,263)	(1,000,801)	(1,928,254)	(14,884,932)	(9,498,148)	(88,271,040)
Loan proceeds						15,615,000	15,615,000
Proceeds of Tobacco Securitization		40,971,291				1,182,320	42,153,611
Total other financing sources (uses)	(53,627,820)	39,053,028	9,698,466	5,824,042	(14,884,932)	62,282,981	48,345,765
Net change in fund balances	24,450,393	40,849,378	656,964	1,441,826	8,213,018	14,786,571	90,398,150
Fund balance -- beginning	81,947,363	57,466,537	3,330,682	1,204,982	72,312,787	112,691,400	328,953,751
Fund balances -- ending	$ 106,397,756	$ 98,315,915	$ 3,987,646	$ 2,646,808	$ 80,525,805	$ 127,477,971	$ 419,351,901

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006

Net change in fund balances - total governmental funds (page 20)		$ 90,398,150
The change in net assets reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets and infrastructure	$ 20,792,613	
Less current year depreciation	(32,718,359)	(11,925,746)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		(606,005)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(135,360)
Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets		(57,988,378)
Repayments of debt principal and issuance premiums are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and premiums are amortized in the statement of activities.		
Repayments:		
Certificate of participation	$ 5,953,312	
Other long-term debt	7,503,048	
Capital lease	122,225	
Amortization of issuance premium	4,196	13,582,781
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Ventura litigation settlement	$ (5,495,359)	
Change in investment in joint ventures	(433,072)	
Change in accrued interest payable	(717,329)	
Change in compensated absences	(2,085,600)	
Change in deferred charges	1,422,530	(7,308,830)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.		7,554,008
Change in net assets of governmental activities (page 17)		$ 33,570,620

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Revenues:				
Taxes	$ 95,965,067	$ 105,266,867	$ 112,967,213	$ 7,700,346
Licenses, permits and franchises	1,958,007	2,158,060	2,260,109	102,049
Fines, forfeitures and penalties	3,660,074	3,753,217	9,812,600	6,059,383
Revenue from use of money and property	3,148,342	4,298,322	6,008,328	1,710,006
Intergovernmental revenue	69,299,088	71,483,083	72,083,675	600,592
Charges for services	39,410,991	40,129,521	40,262,365	132,844
Miscellaneous revenue	1,669,521	1,809,021	2,312,185	503,164
Total revenues	215,111,090	228,898,091	245,706,475	16,808,384
Expenditures: General				
Assessor				
Salaries and employee benefits	3,720,269	3,762,688	3,694,913	67,775
Services and supplies	46,516	81,484	90,331	(8,847)
Other charges	219,009	224,468	200,794	23,674
Expenditure transfer	43,068	53,024	46,188	6,836
Total expenditures	4,028,862	4,121,664	4,032,226	89,438
Assessor Property Tax Computer				
Salaries and employee benefits	89,273	89,273	88,786	487
Services and supplies	351,489	351,489	334,205	17,284
Other charges	220	220	395	(175)
Total expenditures	440,982	440,982	423,386	17,596
Auditor-Controller				
Salaries and employee benefits	3,306,177	3,317,168	3,218,737	98,431
Services and supplies	187,061	275,261	182,535	92,726
Other charges	114,060	114,060	113,110	950
Expenditure transfer	(96,240)	(96,240)	(101,132)	4,892
Total expenditures	3,511,058	3,610,249	3,413,250	196,999
Board of Supervisors				
Salaries and employee benefits	688,598	722,723	700,066	22,657
Services and supplies	151,061	174,310	141,180	33,130
Other charges	20,480	17,905	16,791	1,114
Expenditure transfer	17,010	17,010	13,795	3,215
Total expenditures	877,149	931,948	871,832	60,116
Clerk of the Board				
Salaries and employee benefits	339,217	361,192	351,724	9,468
Services and supplies	22,132	64,741	63,701	1,040
Other charges	26,670	26,420	23,744	2,676
Expenditure transfer	7,330	7,800	7,266	534
Total expenditures	395,349	460,153	446,435	13,718
Chief Executive				
Salaries and employee benefits	4,278,610	4,278,610	4,041,032	237,578
Services and supplies	1,013,683	1,013,683	786,314	227,369
Other charges	199,987	199,510	181,927	17,583
Expenditure transfer	21,454	21,931	46,099	(24,168)
Total expenditures	5,513,734	5,513,734	5,055,372	458,362

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Economic Development				
Services and supplies	364,445	491,866	392,729	99,137
Other charges	11,283	11,304	10,068	1,236
Expenditure transfer			720	(720)
Total expenditures	375,728	503,170	403,517	99,653
Purchasing Agent				
Salaries and employee benefits	562,665	483,334	465,018	18,316
Services and supplies	26,227	105,559	86,127	19,432
Other charges	21,880	21,880	19,448	2,432
Expenditure transfer	8,590	8,590	7,610	980
Total expenditures	619,362	619,363	578,203	41,160
C.A.R.E. Unit				
Salaries and employee benefits				
Services and supplies	57,300	57,300	20,907	36,393
Other charges	9,190	9,190	7,619	1,571
Expenditure transfer	17,190	17,190	13,393	3,797
Total expenditures	83,680	83,680	41,919	41,761
Risk Management				
Salaries and employee benefits	1,322,898	1,322,898	1,199,765	123,133
Services and supplies	81,781	81,781	57,726	24,055
Other charges	55,210	55,210	42,598	12,612
Expenditure transfer	5,560	5,560	3,882	1,678
Total expenditures	1,465,449	1,465,449	1,303,971	161,478
Capital Improvement Financing Authority				
Salaries and employee benefits	100,000	100,000	100,000	
Services and supplies	188,929	188,929	109,392	79,537
Total expenditures	288,929	288,929	209,392	79,537
Plant Acquisition				
Salaries and employee benefits		57,817	57,817	
Services and supplies	2,300,858	2,201,133	1,730,871	470,262
Other charges	199,172	181,488	127,667	53,821
Expenditure transfer	190		(190)	190
Fixed assets	1,274,000	757,170	(82,830)	840,000
Total expenditures	3,774,220	3,197,608	1,833,335	1,364,273
Appropriations for Contingencies				
Appropriations for contingencies	8,847,680	5,573,260		5,573,260
Total expenditures	8,847,680	5,573,260		5,573,260

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
County Facilities				
Services and supplies	643,895	587,395	407,300	180,095
Other charges	17,966	14,466	(12,384)	26,850
Expenditure transfer	88,296	88,296	833	87,463
Total expenditures	750,157	690,157	395,749	294,408
Elections Division				
Salaries and employee benefits	728,338	898,173	681,340	216,833
Services and supplies	3,287,311	6,225,000	1,763,763	4,461,237
Other charges	62,720	62,720	36,011	26,709
Expenditure transfer	99,832	101,645	99,717	1,928
Fixed assets	50,000	175,000	139,140	35,860
Total expenditures	4,228,201	7,462,538	2,719,971	4,742,567
County Counsel				
Salaries and employee benefits	1,761,087	1,887,083	1,833,608	53,475
Services and supplies	143,142	144,909	138,113	6,796
Other charges	38,960	39,660	39,488	172
Expenditure transfer	23,100	23,100	20,164	2,936
Total expenditures	1,966,289	2,094,752	2,031,373	63,379
Treasurer and Tax Collector				
Salaries and employee benefits	860,937	885,937	828,678	57,259
Services and supplies	259,063	259,063	257,269	1,794
Other charges	102,230	112,230	111,723	507
Expenditure transfer	82,120	82,120	81,331	789
Total expenditures	1,304,350	1,339,350	1,279,001	60,349
Collections				
Salaries and employee benefits	1,076,978	1,108,978	1,018,283	90,695
Services and supplies	150,808	155,808	88,495	67,313
Other charges	193,200	229,700	220,982	8,718
Expenditure transfer	(657,200)	(713,700)	(525,795)	(187,905)
Fixed assets	17,000			
Total expenditures	780,786	780,786	801,965	(21,179)
CEO Match - Other Agencies				
Other charges	1,412,353	1,981,761	1,981,761	
Total expenditures	1,412,353	1,981,761	1,981,761	
Treasury				
Salaries and employee benefits	274,551	274,551	241,350	33,201
Services and supplies	188,880	188,880	126,916	61,964
Other charges	40,535	40,535	19,897	20,638
Expenditure transfer	168,100	168,100	165,144	2,956
Fixed assets	170,000	170,000	110,000	60,000
Total expenditures	842,066	842,066	663,307	178,759

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Facility Maintenance				
Salaries and employee benefits	3,197,766	3,233,544	3,083,372	150,172
Services and supplies	4,737,467	5,386,514	5,087,977	298,537
Other charges	178,930	153,014	151,676	1,338
Expenditure transfer	(2,382,481)	(2,679,986)	(2,397,994)	(281,992)
Total expenditures	5,731,682	6,093,086	5,925,031	168,055
CEO - Econ Development Bank				
Services and supplies	4,196,305	4,194,317	1,263,172	2,931,145
Other charges	90,405	117,393	26,988	90,405
Total expenditures	4,286,710	4,311,710	1,290,160	3,021,550
Agricultural Commissioner				
Salaries and employee benefits	2,443,147	2,561,989	2,390,349	171,640
Services and supplies	260,069	268,469	262,265	6,204
Other charges	148,125	178,125	166,174	11,951
Expenditure transfer	167,530	237,255	234,614	2,641
Fixed assets		161,955	136,298	25,657
Total expenditures	3,018,871	3,407,793	3,189,700	218,093
Expenditures: Public Protection				
Animal Services				
Salaries and employee benefits	1,974,102	1,979,400	1,938,122	41,278
Services and supplies	358,614	584,314	577,819	6,495
Other charges	219,070	213,170	215,398	(2,228)
Expenditure transfer	1,000	5,500	5,324	176
Total expenditures	2,552,786	2,782,384	2,736,663	45,721
Office of Emergency Services				
Salaries and employee benefits	481,115	531,718	468,129	63,589
Services and supplies	134,095	149,095	92,218	56,877
Other charges	731,641	431,641	305,739	125,902
Fixed assets		20,400	16,316	4,084
Total expenditures	1,346,851	1,132,854	882,402	250,452
County Court Funding				
Services and supplies	170,752	170,752	166,860	3,892
Other charges	6,507,031	6,507,031	5,946,793	560,238
Expenditure transfer	947,710	947,710	788,726	158,984
Total expenditures	7,625,493	7,625,493	6,902,379	723,114
Recorder Division				
Salaries and employee benefits	1,476,685	1,436,685	1,132,411	304,274
Services and supplies	170,634	170,634	105,875	64,759
Other charges	228,120	228,120	231,062	(2,942)
Expenditure transfer	123,583	123,583	120,608	2,975
Fixed assets	35,000	35,000	35,000	
Total expenditures	2,034,022	1,994,022	1,624,956	369,066

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
District Attorney				
Salaries and employee benefits	10,808,067	10,628,428	10,238,739	389,689
Services and supplies	316,857	1,736,197	1,674,965	61,232
Other charges	633,172	646,822	649,400	(2,578)
Expenditure transfer	81,210	81,510	81,487	23
Total expenditures	11,839,306	13,092,957	12,644,591	448,366
Planning				
Salaries and employee benefits	1,395,793	1,446,210	1,339,490	106,720
Services and supplies	609,036	309,036	(230,334)	539,370
Other charges	45,490	45,490	38,039	7,451
Expenditure transfer	16,990	16,990	14,990	2,000
Total expenditures	2,067,309	1,817,726	1,162,185	655,541
Probation				
Salaries and employee benefits	1,132,065	1,445,065	1,393,148	51,917
Services and supplies	565,709	460,709	418,749	41,960
Other charges	478,910	478,910	409,934	68,976
Expenditure transfer	1,500	1,500	810	690
Fixed assets	134,910	76,910	66,937	9,973
Total expenditures	2,313,094	2,463,094	2,289,578	173,516
Probation - Casework				
Salaries and employee benefits	8,667,835	8,523,225	7,583,719	939,506
Services and supplies	346,347	364,347	302,158	62,189
Other charges	215,643	215,643	231,972	(16,329)
Expenditure transfer	175,900	175,900	159,504	16,396
Fixed assets	150,230	150,230	105,081	45,149
Total expenditures	9,555,955	9,429,345	8,382,434	1,046,911
Probation - Institutions				
Salaries and employee benefits	6,162,578	6,147,578	5,803,624	343,954
Services and supplies	717,666	717,666	694,924	22,742
Other charges	181,564	181,564	179,895	1,669
Expenditure transfer	227,360	227,360	218,165	9,195
Fixed assets	52,900	67,900	18,602	49,298
Total expenditures	7,342,068	7,342,068	6,915,210	426,858
Public Defender				
Salaries and employee benefits	4,392,431	4,581,764	4,441,556	140,208
Services and supplies	444,636	341,300	323,512	17,788
Other charges	199,470	195,470	197,266	(1,796)
Expenditure transfer	93,650	211,246	225,479	(14,233)
Total expenditures	5,130,187	5,329,780	5,187,813	141,967
Indigent Defense				
Services and supplies	1,995,876	2,415,876	2,415,876	
Total expenditures	1,995,876	2,415,876	2,415,876	

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Sheriff's Administration				
Salaries and employee benefits	2,162,753	2,077,980	1,986,851	91,129
Services and supplies	766,533	666,306	559,630	106,676
Other charges	241,780	241,780	229,185	12,595
Expenditure transfer		5,000	(206)	5,206
Fixed assets		80,000	78,822	1,178
Total expenditures	3,171,066	3,071,066	2,854,282	216,784
Sheriff's Operations				
Salaries and employee benefits	23,224,586	23,890,704	22,560,261	1,330,443
Services and supplies	2,205,753	2,201,810	1,943,334	258,476
Other charges	4,332,330	4,078,821	4,043,782	35,039
Expenditure transfer	(321,335)	(321,335)	(354,520)	33,185
Fixed assets	52,900	67,480	22,446	45,034
Total expenditures	29,494,234	29,917,480	28,215,303	1,702,177
Sheriff's Detention				
Salaries and employee benefits	24,883,563	25,536,779	24,196,887	1,339,892
Services and supplies	3,728,357	3,562,887	3,334,713	228,174
Other charges	980,290	925,109	943,938	(18,829)
Expenditure transfer	796,320	912,320	939,803	(27,483)
Fixed assets	108,100	157,100	157,000	100
Total expenditures	30,496,630	31,094,195	29,572,341	1,521,854
Court Security				
Salaries and employee benefits	3,099,429	3,180,450	2,969,711	210,739
Services and supplies	9,000	33,000	23,496	9,504
Other charges	10,500	10,500	7,565	2,935
Expenditure transfer	83,180	83,180	66,131	17,049
Total expenditures	3,202,109	3,307,130	3,066,903	240,227
Sheriff's Contract Cities				
Salaries and employee benefits	4,936,061	4,979,724	4,574,453	405,271
Services and supplies	185,514	185,514	138,942	46,572
Other charges	964,900	964,900	921,132	43,768
Expenditure transfer	37,800	37,800		37,800
Fixed assets		9,417	(1)	9,418
Total expenditures	6,124,275	6,177,355	5,634,526	542,829
Grand Jury				
Salaries and employee benefits	45,799	46,699	44,539	2,160
Services and supplies	45,320	44,420	36,103	8,317
Other charges	5,540	5,540	4,713	827
Expenditure transfer	23,303	23,303	23,079	224
Total expenditures	119,962	119,962	108,434	11,528
CEO Ray Simon Training Center				
Services and supplies	33,000	32,900	11,213	21,687
Other charges	5,940	6,040	5,495	545
Expenditure transfer	285,404	285,404	281,191	4,213
Total expenditures	324,344	324,344	297,899	26,445

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Airport				
Services and supplies	131,067	184,682	184,682	
Total expenditures	131,067	184,682	184,682	
Expenditures: Public Ways and Facilities				
CEO Crows Landing Air Facility				
Services and supplies	648,747	689,447	140,781	548,666
Total expenditures	648,747	689,447	140,781	548,666
CEO Jail Medical				
Services and supplies	5,498,191	5,548,191	5,465,782	82,409
Total expenditures	5,498,191	5,548,191	5,465,782	82,409
Expenditures: Health and Sanitation				
Veteran's Services				
Salaries and employee benefits	261,966	254,851	236,459	18,392
Services and supplies	13,500	18,850	15,944	2,906
Other charges	9,420	11,170	10,323	847
Expenditure transfer	4,580	4,595	3,975	620
Total expenditures	289,466	289,466	266,701	22,765
Expenditures: Public Assistance				
CEO Community Support				
Services and supplies	45,000		(8,000)	8,000
Total expenditures	45,000		(8,000)	8,000
Cooperative Extension				
Salaries and employee benefits	273,348	255,348	248,127	7,221
Services and supplies	40,951	33,951	15,356	18,595
Other charges	48,210	48,210	36,080	12,130
Expenditure transfer	57,780	57,780	57,075	705
Fixed assets		25,000	24,772	228
Total expenditures	420,289	420,289	381,410	38,879
Expenditures: Education				
Parks and Recreation				
Salaries and employee benefits	2,513,164	2,339,596	2,249,773	89,823
Services and supplies	926,070	1,099,194	1,023,758	75,436
Other charges	527,640	592,909	574,403	18,506
Expenditure transfer	402,320	402,320	400,095	2,225
Fixed assets		289,286	169,630	119,656
Total expenditures	4,369,194	4,723,305	4,417,659	305,646

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2006

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Recreation and Cultural Services				
Parks - Master Plan				
Services and supplies	345,055	345,055	63,081	281,974
Total expenditures	345,055	345,055	63,081	281,974
Tuolumne River Regional Park				
Services and supplies	171,766	171,766	171,766	
Total expenditures	171,766	171,766	171,766	
Debt Service				
Expenditure transfer	(705,035)	(734,510)	(734,509)	(1)
Total expenditures	(705,035)	(734,510)	(734,509)	(1)
Total Expenditures - General Fund	192,492,954	196,889,010	170,133,984	26,755,026
Excess of revenue over expenditures	22,618,136	32,009,081	75,572,491	43,563,410
Other financing sources (uses):				
Transfers in	3,216,099	4,521,324	5,412,822	891,498
Transfers out	(49,083,843)	(54,601,414)	(59,040,642)	(4,439,228)
Total other financing sources (uses)	(45,867,744)	(50,080,090)	(53,627,820)	(3,547,730)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(23,249,608)	(18,071,009)	21,944,671	40,015,680
Fund balance -- beginning	18,323,390	14,418,372	80,446,697	66,028,325
Fund balance -- ending	$ (4,926,218)	$ (3,652,637)	$ 102,391,368	$ 106,044,005

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Behavioral Health and Recovery - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2006

	Budgeted Amounts		Actual amount	
	Original Budget	Final Budget	on the Budgetary basis	Variance with Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 14,000	$ 34,000	$ 66,552	$ 32,552
Revenue from use of money and property	57,961	57,961	157,308	99,347
Intergovernmental revenue	31,295,475	36,028,354	32,897,051	(3,131,303)
Charges for services	20,609,300	20,281,838	19,352,485	(929,353)
Miscellaneous revenue	43,029	43,029	44,564	1,535
Total revenues	52,019,765	56,445,182	52,517,960	(3,927,222)
Expenditures				
Public Protection				
Salaries and employee benefits	699,553	699,553	651,947	47,606
Services and supplies	84,422	84,422	80,211	4,211
Other charges	131,649	131,649	130,060	1,589
Expenditure transfer	179,768	179,768	166,422	13,346
Total Public Protection	1,095,392	1,095,392	1,028,640	66,752
Health and Sanitation				
Salaries and employee benefits	29,152,294	30,135,552	26,622,861	3,512,691
Services and supplies	30,282,439	33,100,833	30,392,013	2,708,820
Other charges	4,320,049	4,610,821	3,756,049	854,772
Fixed assets	50,000	630,667	173,470	457,197
Expenditure transfer	(179,768)	(133,259)	(166,422)	33,163
Total Health and Sanitation	63,625,014	68,344,614	60,777,971	7,566,643
Total expenditures	64,720,406	69,440,006	61,806,611	7,633,395
Excess (deficiency) of revenues over (under) expenditures	(12,700,641)	(12,994,824)	(9,288,651)	(3,706,173)
Other financing sources (uses)				
Transfers in	10,084,324	10,436,964	10,684,092	247,128
Transfers out	(402,642)	(402,642)	(1,000,801)	(598,159)
Capital lease proceeds		15,175	15,175	
Total other financing sources (uses)	9,681,682	10,049,497	9,698,466	(351,031)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,018,959)	(2,945,327)	409,815	3,355,142
Fund balance - beginning	3,783,094	3,783,094	3,783,094	
Fund balance - ending	$ 764,135	$ 837,767	$ 4,192,909	$ 3,355,142

The accompanying notes to the financial statements are and integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Community Services Agency - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2006

	Budgeted Amounts		Actual amount on the	Variance with
	Original Budget	Final Budget	Budgetary basis	Final Budget
Revenues				
Licenses, permits and franchises	$ 71,817	$ 71,817	$ 62,986	$ (8,831)
Revenue from use of money and property			3,157	3,157
Intergovernmental revenue	222,646,176	220,704,698	201,682,903	(19,021,795)
Charges for services	874,466	1,241,684	2,431,158	1,189,474
Miscellaneous revenue	2,118,996	1,682,648	834,988	(847,660)
Total revenues	225,711,455	223,700,847	205,015,192	(18,685,655)
Expenditures				
Public Assistance				
Salaries and employee benefits	58,224,634	59,554,800	53,269,054	6,285,746
Services and supplies	18,088,149	17,811,474	15,553,063	2,258,411
Other charges	157,114,790	152,797,375	140,406,713	12,390,662
Fixed assets	148,500	353,471	258,589	94,882
Total expenditures	233,576,073	230,517,120	209,487,419	21,029,701
Excess (deficiency) of revenues over (under) expenditures	(7,864,618)	(6,816,273)	(4,472,227)	2,344,046
Other financing sources (uses)				
Transfers in	8,324,751	8,442,335	7,547,704	894,631
Transfers out	(992,033)	(1,137,624)	(1,928,254)	790,630
Capital lease proceeds		204,592	204,592	
Total other financing sources (uses)	7,332,718	7,509,303	5,824,042	(1,685,261)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(531,900)	693,030	1,351,815	658,785
Fund balance - beginning	1,218,941	1,218,941	1,218,941	
Fund balance - ending	$ 687,041	$ 1,911,971	$ 2,570,756	$ 658,785

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
ASSETS:						
Current Assets:						
Cash and investments	$ 6,790,496	$	$	$ 2,158,090	$ 8,948,586	$ 31,299,689
Accounts receivable, net	677,400		11,925,320	3,672,721	16,275,441	76,713
Interest and other receivables	128,593	18,930		15,369	162,892	173,473
Inventory			528,883	16,858	545,741	306,272
Deposit with others						571,730
Due from other funds			1,341,679	1,552,079	2,893,758	
Prepaid items			62,354		62,354	74,601
Total current assets	7,596,489	18,930	13,858,236	7,415,117	28,888,772	32,502,478
Noncurrent assets:						
Investments with fiscal agent	40,046		162,101		202,147	
Restricted cash and investments	13,950,366	3,431,724			17,382,090	
Capital assets:						
Land	14,491,341	1,906,261			16,397,602	
Structures and improvements	3,785,755		11,970,892	7,417,746	23,174,393	990,773
Equipment	1,112,687	14,239	6,749,861	3,614,859	11,491,646	19,463,671
Less: Accumulated depreciation	(944,941)	(5,161)	(15,879,453)	(3,245,751)	(20,075,306)	(14,479,265)
Net capital assets	18,444,842	1,915,339	2,841,300	7,786,854	30,988,335	5,975,179
Total noncurrent assets	32,435,254	5,347,063	3,003,401	7,786,854	48,572,572	5,975,179
Total assets	$ 40,031,743	$ 5,365,993	$ 16,861,637	$ 15,201,971	$ 77,461,344	$ 38,477,657
LIABILITIES:						
Current liabilities:						
Accounts payable	$ 123,594	$ 13,771	$ 1,290,431	$ 669,251	$ 2,097,047	$ 1,278,718
Interfund note payable - current			1,360,441		1,360,441	
Salaries and benefits payable	70,059		2,073,120	590,562	2,733,741	387,556
Due to other funds			3,858,325	5,162,172	9,020,497	395,708
Deposits from others	28,617				28,617	
Risk management liability - current						8,787,547
Capital leases - current			170,931		170,931	3,051
Compensated absences - current	3,173		82,278	22,997	108,448	35,608
Long-term obligations - current			152,800		152,800	
Total current liabilities	225,443	13,771	8,988,326	6,444,982	15,672,522	10,888,188
Noncurrent liabilities						
Estimated cost of landfill closure/postclosure	4,710,697	8,864,812			13,575,509	
Interfund note payable			19,196,851		19,196,851	
Risk management liability						14,341,439
Capital leases payable			41,145		41,145	
Compensated absences	159,239		1,148,760	548,193	1,856,192	432,555
Long term obligations			881,656		881,656	
Total noncurrent liabilities	4,869,936	8,864,812	21,268,412	548,193	35,551,353	14,773,994
Total liabilities	5,095,379	8,878,583	30,256,738	6,993,175	51,223,875	25,662,182
NET ASSETS (DEFICIT):						
Invested in capital assets, net of related debt	18,444,842	1,915,339	1,594,768	7,786,854	29,741,803	5,972,128
Restricted	14,032,778	3,451,589			17,484,367	
Unrestricted	2,458,744	(8,879,518)	(14,989,869)	421,942	(20,988,701)	6,843,347
Total net assets (deficit)	$ 34,936,364	$ (3,512,590)	$ (13,395,101)	$ 8,208,796	26,237,469	$ 12,815,475
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,180,795	
Net assets of business type activities					$ 28,418,264	

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	$ 5,941,131	$	$ 36,897,636	$ 18,901,314	$ 61,740,081	$ 65,732,177
Total operating revenues	5,941,131		36,897,636	18,901,314	61,740,081	65,732,177
Operating expenses						
Salaries and benefits	1,167,686		21,166,990	11,426,593	33,761,269	4,399,214
Services and supplies	2,336,199		25,527,818	8,646,862	36,510,879	52,869,481
Depreciation	274,441	712	503,321	464,170	1,242,644	1,316,886
Estimated cost of closure/postclosure	485,841				485,841	
Total operating expenses	4,264,167	712	47,198,129	20,537,625	72,000,633	58,585,581
Operating income (loss)	1,676,964	(712)	(10,300,493)	(1,636,311)	(10,260,552)	7,146,596
Nonoperating revenues (expenses)						
Investment earnings	958,730	117,486		81,017	1,157,233	881,824
Interest expense			(909,631)	(106,384)	(1,016,015)	(1,154)
Gain (loss) on sale of capital assets			(4,356)		(4,356)	(20,444)
Intergovernmental			327,221	2,968,922	3,296,143	
Total nonoperating revenues	958,730	117,486	(586,766)	2,943,555	3,433,005	860,226
Income (loss) before capital contributions and transfers	2,635,694	116,774	(10,887,259)	1,307,244	(6,827,547)	8,006,822
Transfers in	107,444	450,000	10,801,699	342,698	11,701,841	479,643
Transfers out	(558,220)		(372,746)	(1,432,502)	(2,363,468)	(175,403)
Capital contributions						45,176
Changes in net assets	2,184,918	566,774	(458,306)	217,440	2,510,826	8,356,238
Total net assets (deficit) - beginning	30,806,736	(4,079,364)	(12,936,795)	7,991,356		4,459,237
Prior period adjustment	1,944,710					
Total net assets - beginning - restated	32,751,446	(4,079,364)	(12,936,795)	7,991,356		4,459,237
Total net assets (deficit) - ending	$ 34,936,364	$ (3,512,590)	$ (13,395,101)	$ 8,208,796		$ 12,815,475
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					802,230	
Change in net assets of business type activities					$ 3,313,056	

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	$ 5,884,256	$	$ 33,974,232	18,432,578	$ 58,291,066	$ 66,075,071
Cash received (paid) from interfund services			(2,797,675)	(554,340)	(3,352,015)	34,622
Cash paid to suppliers	(2,753,048)	(2,298,377)	(19,142,362)	(8,778,747)	(32,972,534)	(51,487,195)
Cash paid to employees	(1,127,628)		(20,160,843)	(11,380,017)	(32,668,488)	(4,193,334)
Net cash provided (used) by operating activities	2,003,580	(2,298,377)	(8,126,648)	(2,280,526)	(10,701,971)	10,429,164
Cash flows from noncapital financing activities:						
Transfers in	107,444	450,000	10,801,699	342,698	11,701,841	575,764
Advances from other funds						(69,678)
Payment on interfund note payable			(1,244,817)		(1,244,817)	
Borrowed from other funds				1,332,105	1,332,105	
Subsidy from state and federal grant			327,221	2,968,922	3,296,143	
Transfers out	(558,220)		(372,746)	(1,432,502)	(2,363,468)	(271,524)
Net cash provided (used) by noncapital financing activities	(450,776)	450,000	9,511,357	3,211,223	12,721,804	234,562
Cash flows from capital and related financing activities:						
Sale of capital assets			(4,356)		(4,356)	55,622
Purchase of capital assets	(2,272,024)		(157,101)	(332,883)	(2,762,008)	(1,413,841)
Capital contributions						45,176
Principal payment - capital leases			(163,986)		(163,986)	(35,611)
Principal payment - long term debt			(149,635)		(149,635)	
Interest paid			(924,984)	(106,384)	(1,031,368)	(1,154)
Net cash (used) by capital and related financing activities	(2,272,024)		(1,400,062)	(439,267)	(4,111,353)	(1,349,808)
Cash flows from investing activities:						
Interest received	918,684	117,485	15,353	81,017	1,132,539	881,824
Net cash provided by investing activities	918,684	117,485	15,353	81,017	1,132,539	881,824
Net increase (decrease) in cash and cash equivalents	199,464	(1,730,892)		572,447	(958,981)	10,195,742
Cash and equivalents - beginning	20,541,398	5,162,616		1,585,643	27,289,657	21,103,947
Cash and equivalents - ending	$ 20,740,862	$ 3,431,724	$	$ 2,158,090	$ 26,330,676	$ 31,299,689
Reconciliation of cash and cash equivalents to the Statement of Net Assets						
Cash and investments	$ 6,790,496	$	$	$ 2,158,090	$ 8,948,586	$ 31,299,689
Restricted cash and investments	13,950,366	3,431,724			17,382,090	
Total cash and cash equivalents	$ 20,740,862	$ 3,431,724	$	$ 2,158,090	$ 26,330,676	$ 31,299,689

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 1,676,964	$ (712)	$ (10,300,493)	$ (1,636,311)	$ (10,260,552)	$ 7,146,596
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	274,441	712	503,321	464,170	1,242,644	1,316,886
(Increase) decrease in accounts receivable	(148)		(2,739,387)	(453,944)	(3,193,479)	481,291
(Increase) decrease in other receivables	(56,727)	(2,731)		(7,642)	(67,100)	(104,550)
(Increase) decrease in inventory			28,578	(7,150)	21,428	27,096
(Increase) decrease in prepaid items			25,826		25,826	(60,943)
(Increase) decrease in due from other funds			(585,289)	(554,340)	(1,139,629)	
(Increase) decrease in deposits with others						34,622
Increase (decrease) in accounts payable and accrued liabilities	(416,849)	(180,220)	76,324	(131,885)	(652,630)	(191,587)
Increase (decrease) in salaries and benefits payable	23,893		1,072,556	85,064	1,181,513	204,991
Increase (decrease) in liability for compensated absences	16,165		(66,409)	(38,488)	(88,732)	889
Increase (decrease) in due to other funds/goverments			3,858,325		3,858,325	
Increase (decrease) in estimated cost of closure/postclosure	485,841	(2,115,426)			(1,629,585)	
Increase (decrease) in risk management liability						1,573,873
Net cash provided (used) by operating activities	$ 2,003,580	$ (2,298,377)	$ (8,126,648)	$ (2,280,526)	$ (10,701,971)	$ 10,429,164

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Employees' Retirement Trust	Investment Trust	Agency Funds	Total
ASSETS				
Cash and investments	$ 30,935,869	$ 523,452,494	$ 13,337,677	$ 567,726,040
Accounts receivable (net of allowance for uncollectables)		4,572,157	1,148,684	5,720,841
Interest and dividends	6,563,181	3,535,232		10,098,413
Securities transactions	9,168,427			9,168,427
Contributions	4,412,072			4,412,072
Other receivable	3,148		82	3,230
Interfund note receivable		20,557,292		20,557,292
Other assets	3,565,787	3,823,745		7,389,532
Investments:				
Bonds	423,963,190			423,963,190
Stocks	801,759,933			801,759,933
Collateral on loaned securities	165,417,766			165,417,766
Total assets	1,445,789,373	555,940,920	14,486,443	2,016,216,736
LIABILITIES				
Accounts payable	170,180,823	10,602,960	44	180,783,827
Salaries and benefits payable		393,693		393,693
Trust obligations		6,040,717	14,486,399	20,527,116
Deferred revenue		208,735		208,735
Total liabilites	170,180,823	17,246,105	14,486,443	201,913,371
NET ASSETS				
Net assets held in trust for pension benefits/investment pool participants	$ 1,275,608,550	$ 538,694,815	$	$ 1,814,303,365

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2006

	Employees' Retirement Trust	Investment Trust
Additions:		
Contributions:		
Employer contributions	$ 24,421,977	$
Member contributions	19,860,676	
Contributions on pooled investments		3,258,778,005
Total contributions	44,282,653	3,258,778,005
Investment income:		
Net appreciation in fair value	84,634,957	
Interest	35,692,980	19,899,391
Dividends	8,267,484	
Miscellaneous income	51,174	
Less investment expense	(11,373,652)	
Net investment income	117,272,943	19,899,391
Total additions	161,555,596	3,278,677,396
Deductions:		
Benefit payments	58,129,898	
Refunds of prior contributions	2,482,105	
Distributions from pooled investments		3,288,501,473
Administrative expense	1,598,700	
Total deductions	62,210,703	3,288,501,473
Change in net assets	99,344,893	(9,824,077)
Net assets held in trust - beginning	1,176,263,657	548,518,892
Net assets held in trust - ending	$ 1,275,608,550	$ 538,694,815

The accompanying notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of the County of Stanislaus (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, legally separate entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

Reported component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Each component unit has a June 30th year-end.

Blended Component Units

1. Redevelopment Agency of the County of Stanislaus ("Agency"): The Agency was established by the County as a separate legal entity in accordance with state law. It is governed by the five members of the County Board of Supervisors. The purpose of the Agency is to acquire, rehabilitate, and revitalize property within legally designated redevelopment areas. The Agency provides service solely to the County and is reported as a capital projects fund.

2. Stanislaus County Capital Improvements Financing Authority ("Authority"): The Authority was established on September 1, 1989, as a separate legal entity whose sole purpose is to provide financing for various County capital projects. It is governed by the five members of the County Board of Supervisors. The activity for the Authority is reported as a debt service fund.

3. Lighting Districts: The County has 26 different, legally separate lighting districts whose boards are the same as the County Board of Supervisors. The County's approval is needed to set the districts' budget and to set assessment rates. The activity for the lighting districts is reported in a special revenue fund.

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Blended Component Units (continued)

4. Stanislaus County Tobacco Funding Corporation ("Stanislaus Corporation"): The Stanislaus Corporation was established per Board resolution on November 7, 2000 as a separate legal entity pursuant to California Corporations Code. Three directors, two from the County and one independent, govern it. Its purpose is to acquire from the County all of the rights of the County future tobacco settlement payments and to borrow money secured by the County tobacco assets on behalf of the California County Tobacco Securitization Agency (see Note 17). The Corporation provides service solely to the County and is reported as a debt service fund.

5. In-Home Supportive Services Public Authority of Stanislaus County ("Public Authority"): The Public Authority was established on December 9, 2004 as a separate legal entity pursuant to Welfare and Institutions Code Section 12301.6. It is governed by the five members of the County Board of Supervisors. The purpose of the Public Authority is to implement the goals and objectives of the In-Home Supportive Services Program. The Public Authority is reported as a special revenue fund.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

In the government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all internal balances have been eliminated except those representing the net balance due between governmental and business type activities. This residual balance is reported as "internal balances." In the statement of activities, direct expenses such as services provided and used are not eliminated, but internal service fund activity has been eliminated.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated administrative overhead. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category–*governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, health and sanitation, public assistance, education and recreation services.

- The *Tobacco Settlement Fund* was established to account for the proceeds from securitizing the County's share of tobacco settlement revenues. Currently the proceeds are restricted to use for capital expenditures. The intent is to preserve the initial amount and to distribute 80% of the annual investment earnings to the General Fund.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Behavioral Health and Recovery Fund* was established to provide mental health services to the residents of the County under the provisions of Welfare and Institutions Codes 5600 and 5000. This includes residential/support treatment services, outpatient treatment services, and an array of education and prevention services. The primary source of revenues is from intergovernmental sources and charges for services.

- The *Community Services Agency Fund* was established for the administration of the three major public social programs including financial assistance, social services, and employment services. Intergovernmental revenue is the primary source of financing for this fund.

- *Public Facility Fees* were established by the Board of Supervisors adoption of Resolution No. 89-1724 for the purpose of reducing the impact of a growing community on existing County resources. The fees are charged to new development based on the need for facilities to maintain the existing level of service. The fee benefits the following departments and programs: roads, detention, criminal justice, library, parks, public and mental health, emergency services, animal services and sheriff.

The County reports the following major enterprise funds:

- The *Fink Road Sanitary Landfill Fund* was established to account for the operation of Fink Road Sanitary Landfill, which provides a dumping site for the disposal of solid wastes. Revenues are derived from fees generated for the disposal of waste at the site.

- The *Geer Road Sanitary Landfill Fund* was established to account for the operation of Geer Road Sanitary Landfill, which provided a dumping site for the disposal of solid waste. The landfill is owned jointly with the City of Modesto.

- The *Health Clinics and Ancillary Services Fund* was established to account for health care operations in outpatient clinics throughout the County. Revenues are derived from fees for patient services, payments from federal and state programs such as Medicare and Medi-Cal, private insurance, and subsidies from the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance, communication, technology, and other services provided to departments or other governments. They also account for self-insurance programs – worker's compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.

- The *Employees' Retirement Trust* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the Stanislaus County Employees Retirement Association (StanCERA).

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment portfolio for the benefit of all participants. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. The fund represents the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, or other governments.

C. **Basis of Accounting**

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). The County considers revenues available if they are collected within 180 days after year-end, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes generally accepted accounting principles for governmental units.

D. **Budgetary Basis of Accounting**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Budgetary Basis of Accounting** (continued)

expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the General Fund and all special revenue funds except the Tobacco Settlement Fund. An operating balanced budget is adopted for the capital project funds for the life of the project, except for the Redevelopment Agency, the Courthouse Construction Fund and the Criminal Justice Facilities Fund, which adopt an operating budget each fiscal year. Expenditures are controlled at the object level within budget units. A budget unit may be (1) a single department, (2) a division of a large department having multiple divisions, or (3) an entire fund. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any transfers of appropriations between object levels within the same budget unit may be authorized by the County Executive Office. Budget amendments or supplementary appropriations normally financed by unanticipated revenues during the year or transfers of appropriations between budget units must be approved by the Board of Supervisors. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budgets for the governmental funds may include an object level known as "expenditure transfers". This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances and commitments are budgeted as expenditures.

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Budgetary Basis of Accounting** (continued)

	General Fund	Special Revenue Funds: Behavioral Health and Recovery	Special Revenue Funds: Community Services Agency
Total expenditures (budgetary basis)	$ 170,133,984	$ 61,806,611	$ 209,487,419
Basis difference - net addition of 2004/05 encumbrances and commitments minus 2005/06 encumbrances and commitments	(2,505,722)	(247,149)	(90,011)
Total Expenditures (GAAP)	$ 167,628,262	$ 61,559,462	$ 209,397,408

E. **Cash and Cash Equivalents**

Cash and cash equivalents include cash in bank and investments held by the County Treasurer in a cash management pool. The amounts classified as "Investments with Fiscal Agent" represent loan proceeds held by the trustees for various borrowings (See Note 11) and securitized tobacco settlement proceeds invested outside the County Pool.

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

F. **Investments**

California Government Code Section 53600, et seq., authorizes the County to invest in obligations of the State or any local agency of the State of California, bankers' acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations and the State of California Local Agency Investment Fund. The County may also invest in certain open-ended mutual funds permitted by the Government Code. All investments are carried at fair value until they are within 90 days of maturity at which time they are reported at amortized cost. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund.

The tobacco securitization proceeds are invested under a separate policy approved by the County Board of Supervisor's on January 29, 2002. The policy authorizes the County to invest in obligations outlined in California Government Code Section 53600, et seq., with no investment having a greater maturity date than the final

Note 1: **Summary of Significant Accounting Policies** (continued)

F. **Investments** (continued)

maturity of any tobacco settlement asset-backed bond. All investments are reported at fair value.

The Employees' Retirement Trust (StanCERA) funds are invested pursuant to policy guidelines established by the Retirement System's Board. The objective of the investment policy is to invest in a manner that provides the safeguards and diversity that a prudent investor would adhere to. The policy of StanCERA is to invest in the following asset classes: Large Cap US Stocks, Small Cap US Stocks, Non US Stocks and Fixed Income. Investments are stated at fair value.

G. **Deferred Revenue**

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

H. **Inventory**

In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting for inventory is used for the governmental funds and the proprietary funds. For the governmental funds, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource (see Note 13).

I. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain assets (infrastructure) consisting of roads, bridges, lighting systems, drainage systems, and flood control improvements. The County defines

Note 1: **Summary of Significant Accounting Policies** (continued)

J. **Capital Assets** (continued)

capital assets, other than infrastructure, as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year, with the exception of the Health Clinics and Ancillary Services Enterprise Fund. The Health Clinics and Ancillary Services Enterprise Fund defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of three years. In addition to these individual assets, the library's books are capitalized together as one collection.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary funds statements, with the exception of patrol cars and landfill cell development. The units of production method is used for depreciation on patrol cars and landfill cells.

The estimated useful lives are as follows:

Infrastructure	20 to 60 years
Structures and improvements	15 to 60 years
Equipment	3 to 20 years
Patrol cars	100,000 miles
Landfill Cell	1,960,000 cubic yards

The County has seven networks of infrastructure assets – roads, bridges, lighting system, storm drains, signs, signals and beacons.

K. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)**

All regular employees of the County earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service and the bargaining unit to which the employee belongs. All employee bargaining units have vacation accumulation limits. Regular employees are given credit for 8 hours sick leave each month of employment with limited accumulation.

After at least six months of County service, most regular employees, upon separation, are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time is computed for each employee at the current salary range. In the financial statements, these

Note 1: **Summary of Significant Accounting Policies** (continued)

K. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)** (continued)

amounts are referred to as "compensated absences." An average of all termination payments since July 1986 is used to compute the amount that is expected to be liquidated in the next year with expendable available financial resources. This current portion and the balance of the long-term liability are reported in the government-wide statements, the enterprise and internal service funds financial statements and are generally liquidated by the General Fund.

L. **Interfund Transactions**

Interfund transactions include loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/due from" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available financial resources.

Services or supplies provided can result, at year-end, in receivables and payables referred to as "due to/from other funds". These receivables and payables are eliminated in the governmental-wide consolidation with residual balances reported as "internal balances" when they are between funds of the County.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the government-wide presentation.

M. **Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Restatement of Equity**

The beginning net assets of the business-type activities on the government-wide statement of activities has been restated to reflect the capitalization of a new cell to accept waste at the Fink Road landfill.

	Fink Road Sanitary Landfill
Net assets June 30, 2005, as previously reported	$ 30,806,736
Prior period adjustment for cell development	1,944,710
Net assets July 1, 2005, as restated	$ 32,751,446

Note 3: **Individual Fund Deficits**

Net Asset Deficits - Proprietary Funds	
Enterprise fund - Geer Road Landfill	$ 3,512,590
Enterprise fund - Health Clinics and Ancillary Services	13,395,101
Internal Service fund - Workers' Compensation Insurance	844,303

The deficit in the Geer Road Landfill is due to the liability for closure/post closure maintenance. This accumulated deficit will be funded with receipts from Fink Road Landfill. The Health Clinics and Ancillary Services Fund deficit is due to the closure of the County hospital inpatient facilities in November 1997. The plan to recover this deficit focuses on transfers from other funds, one-time revenue sources, increased fees for service and dedicated revenue streams.

The internal service fund deficit is due to unexpected expenses in combination with user rates that were too low. This deficit will be funded by increased user charges.

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

For the year ended June 30, 2006, expenditures exceeded budget at the department and object level as follows:

General Fund	Object	Excess Expenditures
Assessor	Services and supplies	$ 8,847
Assessor Property Tax Computer	Other charges	$ 175
Animal Services	Other charges	$ 2,228
Recorder Division	Other charges	$ 2,942
District Attorney	Other charges	$ 2,578
Probation Casework	Other charges	$ 16,329
Public Defender	Other charges	$ 1,796
Sheriff's Detention	Other charges	$ 18,829

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units** (continued)

The above disclosure is based on departmental appropriations as of June 30, 2006. If a department received unanticipated revenue during the fiscal year and did not increase estimated revenue and appropriations, then the positive effect on the department budget would not be reflected in the above.

Note 5: **Cash and Investments**

The County maintains a cash and investment pool - Stanislaus County Treasurer's Pool - for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of net assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts. Voluntary participation is limited to the Stanislaus County Employees Retirement System (StanCERA) and independent special districts, which represent approximately 3% of the pool. While StanCERA participates in the County Treasurer's Pool, the majority of their cash and investments are managed separately from the County Pool. The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

The share of each fund in the Stanislaus County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments. In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General Fund to comply with the above code section.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code section 53600 et. seq. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

Note 5: **Cash and Investments** (continued)

Total County cash and investments are as follows:

Cash and Investments		
Imprest cash	$	124,209
Cash in banks-department administered		7,810,875
In custody of Treasurer:		
Cash on hand		131,259
Cash in bank		16,043,080
Investments held by Treasurer		892,698,642
Less outstanding checks		(59,189,760)
Total in custody of Treasurer		849,683,221
Investments held by fiscal agents:		
Tobacco settlement		98,315,916
Tobacco funding corporation		4,787,537
General fund		1,000,087
Stock investment		40,046
Bond requirements		26,166,100
Total investments held by agents		130,309,686
Employees' retirement trust:		
Cash (outside Treasurer's pool)		23,306,886
Investments		1,391,140,889
Total cash and investments	$	2,402,375,766

Total County cash & investments are reported as follows:

Primary government		
Cash and investments	$	290,422,423
Investments with fiscal agent		130,309,686
Restricted cash & investments		22,776,728
Employees' retirement trust		
Cash and investments		30,935,869
Other investments		1,391,140,889
Investment trust - cash and investments		523,452,494
Agency funds - cash and investments		13,337,677
Total cash and investments	$	2,402,375,766

Interest Rate Risk - This is the risk of loss due to the fair value of an investment falling because of rising interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

- *Stanislaus County Treasurer's Pool.* The County's policy for interest rate risk allows investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's $894 million portfolio, over 62% of the investments have a maturity of 1 year or less. No investment has maturity greater than 3 years.

Note 5: **Cash and Investments** (continued)

Interest Rate Risk (continued)

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio, under a separate investment policy, includes Municipal bonds with maturities of up to 30 years that are sensitive to interest rate changes. These bonds are all insured, which tends to reduce interest rate risk.

- *StanCERA's Investment Portfolio.* StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Lehman Aggregate bond index duration. At year end the Lehman Aggregate Bond Index was yielding -0.8% with an effective duration of 5.8 years. StanCERA had a yield of 0.9% with an effective duration of 6.1 years.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

- *Stanislaus County Treasurer's Pool.* The County is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio includes insured, triple A rated Municipal bonds that make up 49% of the portfolio. The rest of the portfolio is invested in money market and mutual funds with maturities of less than one year.

- *StanCERA's Investment Portfolio.* Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. Investment grade quality is defined as BBB rated or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the StanCERA Board whenever an issue falls below investment grade. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

Note 5: **Cash and Investments** (continued)

Credit Risk (continued)

The following table shows the quality of StanCERA's investments in fixed income securities on June 30, 2006.

Credit Rating	Active Management	Fixed Income Securties Amount
AAA	67.50%	$ 286,193,983
A+	0.38%	1,615,953
A	5.85%	24,781,126
A-	2.33%	9,898,415
AA-	0.76%	3,235,716
BBB+	5.49%	23,255,097
BBB	6.34%	26,866,135
BBB-	1.43%	6,044,300
BB+	2.93%	12,431,198
BB	2.66%	11,295,870
B+	3.10%	13,150,421
Un-rated	1.23%	5,194,976
	100.00%	$ 423,963,190

Custodial Credit Risk-deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

- *Stanislaus County Treasurer's Pool and other deposits.* At year-end, Stanislaus County had no custodial credit risk exposure to any depository financial institution. As per State of California Government Code (Section 53630 – 53683), our depository banks, i.e., Bank of the West, Union Bank of California, and US Bank collateralize Stanislaus County public funds with eligible securities having a market value of at least 110% of the actual amount on deposit. These securities are maintained with the third party custodians. The collateral is held in a pool based on the bank's total public deposits. The County did not have deposits in any foreign currency.

- *StanCERA's Investment Portfolio.* At year end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank. The custodian is responsible for maintaining an adequate level of collateral in an amount equal to 102% of the market value of loaned securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, StanCERA cannot pledge or sell securities collateral unless the borrower defaults.

Custodial Credit Risk-investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

- *Stanislaus County Treasurer's Pool and Stanislaus County Tobacco Settlement Investment Portfolio.* All negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending. The investment policy prohibits investment in instruments denominated in a foreign currency.

Note 5: **Cash and Investments** (continued)

Custodial Credit Risk-investments (continued)

- *StanCERA's Investment Portfolio.* State statutes and Board of Retirement Investment Policy permit StanCERA to participate in a securities lending program. StanCERA's custodial bank administers its securities lending program. At year-end, StanCERA had no custodial credit risk exposure to borrowers because the amounts StanCERA owed to borrowers exceeded the amounts the borrowers owed to StanCERA. StanCERA's contract with the custodian requires it to indemnify StanCERA if the borrower fails to return the securities and the collateral is inadequate to replace the securities lent or fail to pay StanCERA for income distributions by securities issuers while securities are on loan.

  As of June 30, 2006, StanCERA had securities on loan with a carrying value of $161,991,482 and cash collateral of $165,417,766. The accrued market value of loaned securities was $165,874,781. The types of securities lent were U.S. Government and Agencies, U.S. Corporate Fixed Income and U.S. Equities. There are no restrictions on the amount of securities that may be lent.

Foreign Currency Risk – This is the risk that changes in exchange rates may adversely affect the fair value of an investment

- *StanCERA's Investment Portfolio.* StanCERA's external investment managers may invest in international securities and must follow StanCERA's Investment Guidelines pertaining to these types of investments

  The fair value, in US dollars, of StanCERA's foreign currency at June 30, 2006 was $198,045,308, distributed as follows:

Currency	*Fair Vaue (in US $)*	*Currency*	*Fair Vaue (in US $)*	*Currency*	*Fair Vaue (in US $)*
Australian Dollar	$ 9,455,518	Greek Drachma	$ 732,412	Norwegian Krone	$ 2,169,250
Austrian Schilling	454,611	Hong Kong Dollar	1,924,392	Portuguese Escudo	1,245,356
Belgian Franc	1,157,416	Indian Rupee	838,961	Renminbi Yuan	442,677
Bermudan Dollar	870,393	Irish Pound	2,014,017	Russian New Ruble	598,000
Brazilian Real	1,317,360	Israeli Shekel	529,797	Singapore Dollar	2,126,875
British Pound Sterling	40,012,487	Italian Lira	7,329,158	South African Rand	906,218
Canadian Dollar	5,827,361	Japanese Yen	45,064,247	South Korean Won	2,548,455
Danish Krone	1,360,231	Mexican Nuevo Peso	983,950	Spanish Peseta	6,748,499
Deutche Mark	14,054,918	Moroccan Dirham	273,012	Swedish Krona	5,465,477
Euro Currency	302,026	Netherland Guilder	6,334,594	Swiss Franc	13,187,212
Finnish Markka	3,047,413	New Taiwan Dollar	2,021,160	US Dollar	1,186,379
French Franc	15,515,476				

Note 5: **Cash and Investments** (continued)

Concentration of Credit Risk - This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are not considered at risk.

- *Stanislaus County Treasurer's Pool.* Over 73% of the County's investments, including collateral on repurchase agreements, were in the U.S. Government or Government Sponsored Enterprises (Agencies). The following Agencies each comprised more than 5% of the pool investments:

Federal National Mortgage Association	*12.1%*
Federal Home Loan Bank	*31.6%*
Federal Home Loan Mortgage Corporation	*17.5%*

  Of the 50% of the portfolio invested in other types of investments, no investment in a single issuer exceeds 5%.

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio includes California State Municipals bonds that comprise 9% of the portfolio.

- *StanCERA's Investment Portfolio.* StanCERA's policy requires that not more than 5% of the total StanCERA stock portfolio, valued at market, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the market value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock valued at market may be held in any one industry category, as defined by the Retirement Association's consultant, without special permission from the StanCERA Board.

  With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

  At June 30, 2006, StanCERA had the following investments:

Fixed Income Securities	
U S Treasuries	86,608,545
Single Family Mortgage Backed Securities	155,588,047
Multi Family Mortgage Backed Securities	7,768,731
Collateralized Mortgage Backed Securities	19,635,254
Federal Agency	13,872,734
Corporate Bonds	140,489,879
	$ 423,963,190
Equities	
Domestic	538,056,468
International	198,045,308
Mutual Funds	65,658,157
Collateral on loaned securities	165,417,766
Total Investments	$1,391,140,889

Note 5: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

The following schedule indicates the credit and interest rate risk at June 30, 2006. The credit ratings listed are for the lower of Standard and Poor's or Moody's Investor Services. Certain investments such as U.S. Treasuries and the State's Local Agency Investment Fund are un-rated.

Stanislaus County Investments
Maturity Distribution - Fair Value (000's)
6/30/2006

		Maturity									
	Credit Rating	< 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 360 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Total
Negotiable Certificate of Deposit	A-1/P-1	20,000	20,000								40,000
Commercial Paper	A-1/P-1	35,988	19,915								55,903
Local Agency Investment Fund	Unrated	29,932									29,932
FFCB Note	AAA						24,647				24,647
FNMA Note	AAA							20,344			20,344
FHLB Note	AAA					104,388	109,122	69,379			282,889
FHLMC Note	AAA		2,000			2,950	20,089				25,039
FHLMC Discount Note - (Term Repo)	AAA	20,400		22,440							42,840
FNMA Discount Note	A-1	19,994			19,560	48,290					87,844
FHLMC Discount Note	A-1		19,908		68,840						88,748
Treasury Note	N/A		4,979	4,968			30,021	20,337			60,305
Treasury Bill	N/A			49,520	19,549						69,069
Corporate Note	A					14,852	12,978	13,661			41,491
Corporate Note	AA					4,921	2,384	17,829			25,134
Total Treasury Pool Investments		126,314	66,802	76,928	107,949	175,401	199,241	141,550	0	0	894,185

Money Market Funds	Unrated	69									69
FNM Discount Note	Unrated	4,718									4,718
Total Tobacco Funding Corp Investments		4,787	0	0	0	0	0	0	0	0	4,787

		Maturity									
	Credit Rating	< 30 Days	31 - 360 Days	1 - 3 Years	3 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20 - 25 Years	25 - 30 Years	Total
Money Market Funds	Unrated	21,689									21,689
Mutual Funds	Unrated	27,541									27,541
Municipal Bonds - Insured	AAA	0	0	0	0	4,152	6,392	18,301	8,107	11,132	48,084
Total Tobacco Settlement Investments		49,230	0	0	0	4,152	6,392	18,301	8,107	11,132	97,314

Money Market/Mutual Funds	Unrated	12,504									12,504
Repurchase Agreement	Unrated						1,056				1,056
Investment Agreements	Unrated		761	5,666		1,192	1,842	3,145			12,606
Total Bond Requirements		12,504	761	5,666	0	1,192	2,898	3,145	0	0	26,166

Note 5: **Cash and Investments** (continued)

In accordance with GASB No. 31, investments are reported on the statement of net assets/balance sheet at their fair value and all changes in fair value are reflected in income of the period in which they occur. Fair values were obtained from our custodial statement for all investments having greater than 90 days to maturity in the following categories:

U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Corporate Bonds and Notes

Amortized cost was used for all investments having 90 days or less to maturity, which may include the following categories:

Commercial Paper
State of California Local Agency Investment Fund
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Repurchase Agreements
Corporate Bonds and Notes
Money Market Funds

Book cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks.

During the fiscal year the County Treasurer's Pool included investments in Bankers Acceptances and Certificates of Deposit as well a those investments owned at June 30, 2006.

The Stanislaus County Treasurer's Pool maintains some investment in the State of California Local Agency Investment Fund (L.A.I.F.). The total amount invested by all public agencies in L.A.I.F. at June 30, 2006 was $16.4 billion. L.A.I.F. is part of the State of California Pooled Money Investment Account (P.M.I.A.) whose balance at June 30, 2006 was $63.3 billion. Of this amount, 0.36% was invested in derivative financial products. P.M.I.A. is not SEC-registered, but is required to invest according to California State Code. The average maturity of P.M.I.A. investments was 152 days as of June 30, 2006.

The Local Investment Advisory Board (Board) has oversight responsibility for L.A.I.F. The Board consists of five members as designated by state statute. The value of the pool shares in L.A.I.F., which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from L.A.I.F. are done on a dollar to dollar basis.

In accordance with GASB 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at market value.

Note 5: **Cash and Investments** (continued)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2006:

Statement of Net Assets	
Net assets held for pool participants	$ 849,683,221
Equity of external pool participants	$ 538,694,815
Equity of internal pool participants	310,988,406
Total Equity	$ 849,683,221

Statement of Changes in Net Assets	
Net assets at July 1, 2005	$ 776,357,871
Net investment income	34,892,214
Net contributions and withdrawals	38,433,136
Net assets at June 30, 2006	$ 849,683,221

Stanislaus County Treasurer's Pool
Summary of Investments
6/30/2006

	Fair Value	Dollar Cost	Interest Rate Range		Maturity Range	
Negotiable Certificates of Deposit	$ 40,000,000	$ 40,000,000	4.6%	4.9%	07/05/06	08/15/06
Commercial Paper	55,903,600	55,867,458	5.2%	5.3%	07/03/06	08/01/06
Local Agency Investment Fund	29,932,427	30,000,000	4.5%	4.5%	07/01/06	07/01/06
Federal Agency - Coupon	352,916,072	355,454,475	2.1%	5.5%	07/02/07	06/02/09
Federal Agency - Discount	176,592,000	173,667,007	4.4%	9.6%	07/05/06	02/23/07
Treasury - Coupon	60,304,572	60,494,051	2.4%	5.6%	08/31/09	05/15/09
Treasury - Discount	69,068,300	68,329,392	4.6%	5.0%	09/14/06	12/14/06
Repurchase Agreement - Term	42,000,000	42,000,000	5.0%	5.3%	07/27/06	09/06/06
Corporate Note	66,627,093	68,881,700	2.7%	7.6%	01/30/07	04/01/09
Total	$ 893,344,063	$ 894,694,083				

Note 6: **Interfund Transactions**

Interfund Receivables/Payables

The compositions of interfund balances as of June 30, 2006 are as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Internal Service Funds	$ 395,708	To cover deficit cash balance
		395,708	Sub total
Behavioral Health and Recovery	General Fund	373,572	For services provided
Behavioral Health and Recovery	Other Enterprise Funds	5,162,172	To cover deficit cash balance
Community Services Agency	General Fund	78,579	For services provided
Community Services Agency	Other Governmental Funds	89,650	To cover deficit cash balance
Other Governmental Funds	Health Clinics and Ancillary Services	3,858,325	To cover deficit cash balance
Health Clinics and Ancillary Services	Other Governmental Funds	1,341,679	For services provided
Other Enterprise Funds	Behavioral Health and Recovery	1,552,079	For services provided
		12,456,056	Sub total
		$ 12,851,764	Total

Advances To/From

Receivable Fund	Payable Fund	Amount	
General Fund	Other Governmental Funds	$ 500,000	Long term loan
Other Governmental Funds	Other Governmental Funds	690,422	Long term loan
		$ 1,190,422	

The General Fund has loaned the Redevelopment Agency $400,000 for administrative costs that will be recovered through property taxes. The General Fund has loaned the Public Works department $100,000 for dangerous building abatement. Within the other governmental funds, the Public Works Road Division loaned the Redevelopment Agency $1.7 million for improvements to the Shackelford area.

Interfund Note payable/receivable

Receivable Fund	Payable Fund	Amount
Investment Trust Fund	Health Clinics and Ancillary Services	$ 20,557,292

The Health Clinics and Ancillary Services Fund has borrowed long-term from the Investment Trust Fund. The note is expected to be repaid with interest by July 2020. The interest will be credited each fiscal year end based on the Treasurer's pool rate. Annual transfers from the County's General Fund to the Health Services Agency will be the source of funds to retire the note

Note 6: **Interfund Transactions** (continued)

Transfers

Transfer from	Transfer to	Amount	Purpose
General Fund	Community Services Agency	$ 7,547,704	County program contributions
	Behavioral Health and Recovery	8,534,135	County program contributions
	Other Governmental Funds	35,379,139	County program contributions and debt service
	Health Clinics and Ancillary Services	7,100,021	County program contribution
	Internal Service Funds	479,643	County program contribution
		59,040,642	
Tobacco Settlement	General Fund	1,918,263	Interest distribution
		1,918,263	
Behavioral Health and Recovery	Other Governmental Funds	658,103	Contributions to joint programs and debt service
	Other Enterprise Funds	342,698	Reimburse administrative costs of program
		1,000,801	
Community Services Agency	Other Governmental Funds	1,928,254	To pay debt service
		1,928,254	
Public Facility Fees	General Fund	1,874,795	Capital assets purchases
	Behavioral Health and Recovery	974,998	Capital assets purchases
	Other Governmental Funds	11,927,695	Capital assets purchases
	Fink Landfill	107,444	Capital assets purchases
		14,884,932	
Other Governmental Funds	General Fund	1,560,037	Various contributions to programs
	Other Governmental Funds	4,236,433	Various contributions to programs and debt service
	Health Clinics and Ancillary Services	3,701,678	Various contributions to programs
		9,498,148	
Health Clinics and Ancillary Services	Other Governmental Funds	372,746	Reimburse administrative costs and debt service
		372,746	
Other Enterprise Funds	Behavioral Health and Recovery	1,171,834	Reimburse administrative costs of programs
	Other Governmental Funds	260,668	To pay debt service
		1,432,502	
Fink Landfill	Geer Landfill	450,000	Landfill closure/post-closure
	Other Governmental Funds	108,220	To waste management program and debt service
		558,220	
Internal Service Funds	General Fund	59,727	Insurance reimbursement
	Behavioral Health and Recovery	3,125	Insurance reimbursement
	Other Governmental Funds	112,551	Insurance reimbursement and debt service
		175,403	
		$ 90,809,911	

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Retirements	Adjustments & Transfers	Balance June 30, 2006
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 36,805,123	$ 826,131	$ -	$ -	$ 37,631,254
Construction in progress	26,132,405	14,252,483	-	-	40,384,888
Total capital assets, not being depreciated	62,937,528	15,078,614	-	-	78,016,142
Capital assets, being depreciated:					
Infrastructure	979,660,036	1,205,472	(1,385,261)	-	979,480,247
Structures and improvements	156,395,936	551,393	-	-	156,947,329
Equipment	62,824,054	5,890,994	(2,727,615)	(41,557)	65,945,876
Total capital assets, being depreciated	1,198,880,026	7,647,859	(4,112,876)	(41,557)	1,202,373,452
Less accumulated depreciation for:					
Infrastructure	(614,828,178)	(23,835,995)	1,385,261	-	(637,278,912)
Structures and improvements	(43,469,198)	(4,531,250)	-	-	(48,000,448)
Equipment	(31,145,389)	(5,667,997)	1,525,525	41,557	(35,246,304)
Total accumulated depreciation	(689,442,765)	(34,035,242)	2,910,786	41,557	(720,525,664)
Total capital assets, being depreciated, net	509,437,261	(26,387,383)	(1,202,090)	-	481,847,789
Government activities capital assets, net	$ 572,374,789	$ (11,308,769)	$ (1,202,090)	$ -	$ 559,863,930
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 16,306,069	$ 91,533	$ -	$ -	$ 16,397,602
Total capital assets, not being depreciated	16,306,069	91,533	-	-	16,397,602
Capital assets, being depreciated					
Structures and improvements	19,399,188	1,847,962	(17,467)	1,944,710	23,174,393
Equipment	10,916,277	847,044	(313,232)	41,557	11,491,646
Total capital assets, being depreciated	30,315,465	2,695,006	(330,699)	1,986,267	34,666,039
Less accumulated depreciation for:					
Structures and improvements	(12,265,793)	(583,078)	17,467		(12,831,404)
Equipment	(6,831,481)	(659,566)	288,702	(41,557)	(7,243,902)
Total accumulated depreciation	(19,097,274)	(1,242,644)	306,169	(41,557)	(20,075,306)
Total capital assets, being depreciated, net	11,218,191	1,452,362	(24,530)	1,944,710	14,590,733
Business-type activities capital assets, net	$ 27,524,260	$ 1,543,895	$ (24,530)	$ 1,944,710	$ 30,988,335

Note 7: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

	Equipment	Structures and Improvements	Infrastructure	Total
General government	$ 350,383	$ 918,220	$ -	$ 1,268,603
Public protection	1,190,407	2,252,645	-	3,443,052
Public ways	13,014	46,336	23,835,995	23,895,345
Health and sanitation	467,245	135,227	-	602,472
Public assistance	292,615	649,927	-	942,542
Education	1,886,565	180,594	-	2,067,159
Recreation	175,652	323,531	-	499,183
Internal service funds	1,292,116	24,770	-	1,316,886
Total	$ 5,667,997	$ 4,531,250	$ 23,835,995	$ 34,035,242

Depreciation expense was charged to the business-type functions as follows:

	Equipment	Structures and Improvements	Total
Transit	$ 255,028	$ -	$ 255,028
Fink Road Landfill	36,993	237,448	274,441
Geer Road Landfill	712		712
Behavioral Health Center	7,357	183,516	190,873
Health Clinics and Ancillary Services	347,189	156,132	503,321
Inmate Welfare/Commissary	12,287	5,982	18,269
	$ 659,566	$ 583,078	$ 1,242,644

Note 8: **Payables and Receivables**

Salaries and Benefits Payable

In 2005-2006, salaries and benefits payable includes an additional amount for a class action lawsuit settlement against the County. The settlement involved the calculation of retirement benefits for retirees who retired before October 1997 and required a retroactive payout for certain class members. The resulting $6.6 million payment due from the County to the retirement association was accrued in the government-wide and proprietary fund expenses.

	Governmental Activities	Business-type Activities			
		Fink Road Landfill	Health Clinics and Ancillary Services	Other Enterprise funds	Total Business-type
Regular salaries and benefits payable	$ 13,766,428	$ 57,976	$ 965,098	$ 590,562	$ 1,613,636
Lawsuit settlement accrual	5,469,486	12,083	1,108,022	-	1,120,105
Total salaries and benefits payable	$ 19,235,914	$ 70,059	$ 2,073,120	$ 590,562	$ 2,733,741

Receivables

Accounts receivable, net of allowance for uncollectibles, includes receivables from federal, state, and local governments in the net amount of $31,056,670. Patient accounts receivable at Health Clinics and Ancillary Services of $30,659,743 net of an allowance for uncollectibles of $18,734,423, leaves a net receivable of $11,925,320. Substantially all other receivables are deemed collectible.

Note 8: **Payables and Receivables** (continued)

Receivables (continued)

At June 30, 2006, deferred revenue and unearned revenue were reported as follows:

Governmental Activities:	Unavailable	Unearned
General fund:		
Property taxes receivable	$ 167,286	
Accounts receivable	562,738	
Interest receivable	10,324	
Grant drawdowns prior to meeting all eligibility requirements		$ 1,549,262
Behavioral Health and Recovery		
Grant drawdowns prior to meeting all eligibility requirements		4,556,583
Tobacco Settlement		
Interest receivable	873,947	
Community Services Agency:		
Grant drawdowns prior to meeting all eligibility requirements		10,768,846
Nonmajor funds:		
Accounts receivable	55,434	
Grant drawdowns prior to meeting all eligibility requirements		1,506,860
	$ 1,669,729	$ 18,381,551

Note 9: **Property Taxes**

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CPI) not to exceed an increase of 2%. Property is re-appraised from the 1975/76 base year value to current full value upon either (1) a change in ownership, or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is re-appraised). Thereafter, it continues to be increased annually by the change in the CPI not to exceed 2%. The total gross assessed value for the 2005/2006 fiscal year is $33,795,875,630.

The County is permitted by Section 93, of the California Revenue and Taxation Code, to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation bonds or other indebtedness approved by a two-thirds vote of its voters after June 4, 1986. Taxes are allotted to local agencies and school districts as outlined in Sections 95 through 100 of the California Revenue and Taxation Code.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due on November 1 and February 1, and again subject to the late payment penalties if paid after December 10 and April 10, respectively.

Note 9: **Property Taxes** (continued)

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code (otherwise known as the "Teeter Plan"). Under this method, the accounts of all political subdivisions that levy taxes on the County tax roll are credited with 100% of their respective secured ad valorem tax levy, regardless of the actual payments and delinquencies. This method then provides for all the delinquent penalties and redemptions flow to the County's General Fund. In addition, Section 4703.2 of the California Revenue and Taxation Code requires that a property tax loss reserve be maintained at not less than 25% of the total delinquent secured taxes.

Taxes receivable in the General Fund includes $18 million long term property tax receivable resulting from the Teeter method of distribution. This long term receivable as well as another $8 million expected to be collected next fiscal year have already been credited to other governments. These property tax receivables will be collected from the taxpayers.

Unsecured taxes are accrued in the period when they are levied and are recognized when they become available. "Available" means, due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This period was 60 days from the end of the fiscal year. Property taxes receivable that do not meet the "available" criteria are recorded as deferred revenue.

Note 10: **Leases**

Operating Leases

The County is committed under various operating leases for building and office space and business and data processing equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the County's government-wide financial statements.

Aggregate rental expense for all operating leases approximated $3,833,277 for all fund types for the year ended June 30, 2006. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2006.

Year Ending June 30,	
2007	$ 3,360,826
2008	2,884,451
2009	2,337,562
2010	1,923,519
2011	1,718,912
2012-2015	2,511,725
Total minimum Lease Payments	$ 14,736,995

Note 10: **Leases** (continued)

Operating Leases (continued)

The Stanislaus Waste Energy Company (SWEC) has a lease agreement with the County to lease the 16-acre site on which the waste energy facility was built. The lease term is 35 years and contains a 15-year option to renew at the lessee's (SWEC) option. The County purchased the land in 1974 for $6,161.

The County also has an agreement with the Stanislaus County Office of Education to lease 15,000 square feet of Building #1 at the County Center III site for the purpose of a print shop. The term is 6 years with a mutual option to renew.

The following is a schedule of future lease revenue on these noncancelable leases at June 30, 2006.

Year Ending June 30,	
2007	338,400
2008	338,400
2009	338,400
2010	326,700
2011	198,000
2012-2016	990,000
2017-2021	990,000
Total minimum lease revenue	$ 3,519,900

Capital Leases

The County has entered into certain capital lease agreements under which the related buildings and equipment will become property of the County when all terms of the lease agreements are met:

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2006
Governmental activities:		
Equipment	0.00-7.24%	$ 259,427
		259,427
Business-type activities:		
Medical equipment	3.00-6.94%	212,076
		212,076
Total capital lease obligations		$ 471,503

Note 10: **Leases** (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2007	$ 122,452	$ 177,039
2008	69,032	41,559
2009	57,781	-
2010	35,670	-
Total Minimum Lease Payments	284,935	218,598
Less: Amounts Representing Interest	(25,508)	(6,522)
Present Value of Minimum Lease Payments	259,427	212,076
Less: Current Portion of Capital Leases	(109,465)	(170,931)
Long-term Capital Lease Obligation	$ 149,962	$ 41,145

Equipment and related accumulated amortization under capital leases are as follows:

	Governmental Activities	Business-type Activities
Equipment	$ 891,274	$ 830,414
Less: accumulated depreciation	(426,815)	(376,700)
Net value	$ 464,459	$ 453,714

Note 11: Long-Term Debt

A. Summary of Long-Term Debt

The following is a summary of long-term liability transactions for the year ended June 30, 2006:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental Activities:					
Risk management liability	$ 21,094,113	$ 11,743,624	$ (9,987,751)	22,849,986	$ 8,508,547
Certificates of participation	121,318,856		(5,953,312)	115,365,544	7,877,200
Plus issuance premium	82,869		(4,196)	78,673	4,196
Bonds payable	82,018,471	15,615,000	(6,403,048)	91,230,423	6,877,018
Tobacco securitization note	64,880,000	42,153,611	(1,100,000)	105,933,611	1,550,000
Accreted interest tobacco note		446,033		446,033	
Capital lease payable	197,495	219,768	(157,836)	259,427	109,465
Compensated absences	22,876,727	18,775,560	(16,689,072)	24,963,215	789,316
Total Governmental Activities	$ 312,468,531	$ 88,953,596	$ (40,295,215)	$ 361,126,912	$ 25,715,742
Business-type Activities:					
Risk management liability	$ 461,000		$ (182,000)	$ 279,000	$ 279,000
Certificates of participation	1,181,144		(146,688)	1,034,456	152,800
Compensated absences	2,053,372	$ 227,906	(316,638)	1,964,640	108,448
Capital lease payable	376,062		(163,986)	212,076	170,931
Total Business-Type Activities	$ 4,071,578	$ 227,906	$ (809,312)	$ 3,490,172	$ 711,179

With the exception of the Professional Liability Insurance Fund, which serves the Health Clinics and Ancillary Services Enterprise Fund, internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end $468,163 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, risk management liability and compensated absences are generally liquidated by the General Fund.

Note 11: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2006, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities			
	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2007	$ 6,877,018	$ 5,844,662	$ 7,877,200	$ 5,180,902
2008	8,121,110	5,240,359	8,194,560	4,846,400
2009	8,345,330	4,680,231	7,101,920	4,491,376
2010	8,934,680	4,083,596	7,399,280	4,188,255
2011	9,579,165	3,443,272	7,716,640	3,863,772
2012-2016	34,528,120	7,557,661	38,285,944	13,983,293
2017-2021	2,740,000	3,402,603	25,050,000	5,173,407
2022-2026	3,050,000	2,675,305	13,740,000	1,543,065
2027-2031	3,400,000	1,847,157		
2032-2036	3,775,000	925,287		
2037-2041	1,645,000	179,749		
2042-2042	235,000	4,953		
Totals	$ 91,230,423	$ 39,884,835	$ 115,365,544	$ 43,270,470

Year Ending June 30	Tobacco Securitization Note		Tobacco Securitization Note 2006	
	Principal	Interest	Principal	Interest
2007	$ 1,550,000	$ 3,717,138		
2008	2,120,000	3,593,482		
2009	2,350,000	3,448,732		
2010	2,565,000	3,301,338		
2011	2,795,000	3,156,181		
2012-2016	19,265,000	13,045,321		
2017-2021	30,185,000	6,426,802		$ 2,935,222
2022-2026	2,950,000	269,883		39,889,695
2027-2031			$ 23,793,381	18,753,520
2032-2036			9,446,325	38,218,984
2037-2041				50,794,058
2042-2045			8,913,905	33,386,006
Totals	$ 63,780,000	$ 36,958,877	$ 42,153,611	$ 183,977,485

The above Tobacco Securitization Note amortization schedule assumes that the turbo payments will be made. If the projected tobacco sales do not occur, then the amortization schedule will change to reflect less principal being paid each year, maturing in 2055.

Note 11: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2006, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Business-type Activities Certificates of Participation Principal	Interest
2007	$ 152,800	$ 50,118
2008	160,440	43,090
2009	168,080	35,549
2010	175,720	27,481
2011	183,360	18,871
2012-2013	194,056	9,703
Totals	$ 1,034,456	$ 184,812

B. **Long Term Obligations**

A summary of certificates of participation at year-end follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2006
Governmental activities:					
1995 Refunding	4.00-5.00	6/22/1995	5/1/2008	$ 13,755,000	$ 2,675,000
1996 Refunding	3.90-5.25	1/1/1996	5/1/2018	55,920,000	37,560,000
1997 Series A	5.10-5.9	4/1/1997	5/1/2017	12,035,000	8,345,000
1997 Series B Refunding	3.75-5.00	12/16/1997	6/1/2012	9,105,056	7,020,544
1998 Series A	3.75-4.75	3/1/1998	9/1/2018	22,160,000	16,970,000
2004 Series A	1.63-4.38	3/26/2004	9/1/2025	15,371,663	15,340,000
2004 Series B	1.63-4.38	3/26/2004	9/1/2025	27,511,451	27,455,000
Total governmental activities				$ 155,858,170	$ 115,365,544
Business-type activities:					
1997 Series B Refunding	3.75-5.00	12/16/1997	6/1/2012	$ 1,524,944	$ 1,034,456
Total business-type activities				$ 1,524,944	$ 1,034,456
Total				$ 157,383,114	$ 116,400,000

A summary of notes payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2006
Tobacco Securitization Note	5.5-7.5	3/21/2002	6/1/2043	$ 67,305,000	$ 63,780,000
2006 Tobacco Securitization Note	5.75-7.25	3/29/2006	6/1/2055	42,153,611	42,599,644
Total				$ 109,458,611	$ 106,379,644

Note 11: **Long-Term Debt** (continued)

B. **Long Term Obligations** (continued)

A summary of bonds payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2006
1995 Pension Obligation Bonds	7.15	9/25/1995	8/15/2013	$ 108,970,000	$ 69,665,000
RDA State Water Resources Board Loan	3.1	9/13/1995	12/12/2015	2,646,310	1,520,423
RDA 2005 TAB	3.5-5.42	12/20/2005	8/1/2036	15,615,000	15,615,000
RDA USDA Loan	4.25	8/21/2003	8/1/2041	4,525,000	4,430,000
Total				$ 131,756,310	$ 91,230,423

Purpose for County Borrowings

1995 Refunding	Construct Public Safety Center and Community Services building
1996 Refunding	Construct Public Safety Center and Community Services building
1997 Series A	Construct agricultural center and police officer training facility
1997 Series B Refunding	Purchase medical arts building and construct jail kitchen laundry
1998 Series A	Construct a portion of government building with the City of Modesto
2004 Series A	Construction of Gallo Center for the Arts
2004 Series B	Construction of 12th Street office building and parking garage
1995 Pension Obligation Bonds	Pay StanCERA for unfunded actuarial accrued liability
RDA State Water Resources Board	To build Bret Harte sewer collection and transfer system
RDA 2005 TAB	To pay for Keyes storm drain project
RDA USDA Loan	To pay for Salida storm drain project
Tobacco Securitization Note	To purchase future tobacco settlement revenue
Tobacco Securitization Note 2006	To purchase future tobacco settlement revenue

C. **Arbitrage**

Arbitrage regulations pertain to the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable arbitrage rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and paid $144,674 in arbitrage rebate for the 1996 Refunding COP. At June 30, 2006, the County has no outstanding liability for arbitrage.

Note 12: Solid Waste Landfill Closure and Postclosure Care Costs

There are two solid waste landfill sites in the County. The Fink Road Sanitary Landfill is owned by the County and is currently operating. The Geer Road Sanitary Landfill is on land jointly owned by the City of Modesto and the County of Stanislaus. This landfill has reached capacity and was closed in June 1990. The County of Stanislaus, by and through its Board of Supervisors, administered the closure operations of the Geer Road Landfill. Both landfills are reported in their entirety as enterprise funds.

State and federal laws require the County to close a landfill once its capacity has been reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until a landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the financial statement date.

	Fink Road	Geer Road	Total
Estimated total liability for closure/ postclosure at June 30, 2006	$20,002,214	$ 8,864,812	$28,867,026
Liability recognized as of June 30, 2006	$ 4,710,697	$ 8,864,812	$13,575,509
Landfill capacity used to date	23.55%	100%	
Estimated remaining useful life	27 years		

The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, technology, revision of laws and other variables. State and federal laws require the County to establish a closure fund to accumulate assets needed for the actual payout of closure and postclosure care costs. Of the restricted cash and investments in the proprietary funds, the following amounts are held for this purpose:

Fink Road Landfill	$ 13,950,366
Geer Road Landfill	$ 3,431,724

Note 13: Net Assets/Fund Balances

Net Assets

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are as follows:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Note 13: **Net Assets/Fund Balances** (continued)

Net Assets (continued)

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

As of June 30, 2006, the County had the following restrictions to net assets:

	Governmental Activities	Business-type Activities
Restricted for:		
Capital projects	$ 92,742,504	$ -
Other purposes:		
Landfill closure/post-closure	-	17,484,367
Children & families commission	21,881,777	-
Road construction	15,022,148	-
Tax loss reserve	5,394,638	-
Child support service	1,598,459	-
Public assistance	465,467	-
Public health	3,614,271	-
Environmental resources	1,002,329	-
Lighting & storm drain districts/County service areas	1,417,399	-
Clerk-recorder - capital assets	5,755,705	-
Probation grants	676,685	-
Other	2,804,462	
Total other purposes	59,633,340	17,484,367
Total Restricted Net Assets	$ 152,375,844	$ 17,484,367
Amount of total restricted by enabling legislation	$ 126,604	$ -

The County has implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This accounting pronouncement requires governments to disclose the amount of the primary government's net assets that are restricted by enabling legislation. At June 30, 2006, enabling legislation restricts $126,604 of the total restricted net assets. In the prior fiscal year, enabling legislation restricted $20,529 of the $143,494,252 in total restricted net assets.

Note 13: **Net Assets/Fund Balances** (continued)

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and can be increased, reduced or eliminated by similar actions.

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The Board will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

As of June 30, 2006, the County has reserved or designated fund balances as follows:

Reserved for Encumbrances: This represents that portion of fund balance reserved for encumbrances existing at year end which will result in subsequent year expenditures.

Reserved – Advances to other funds: This represents the portion of fund balance reserved for loans to other funds that are not expected to be repaid in the short-term.

Reserved - Long term receivables: This represents the portion of fund balance related to delinquent property taxes due from the taxpayers not expected to be collected in the short term.

Reserved – Loans to other governments: This represents the portion of fund balance reserved for loans to other governments that are not expected to be repaid in the short-term.

Reserved – Other: This represents that portion of fund balance unavailable for appropriation for the following reasons:

	General Fund	Behavioral Health & Recovery	Community Services Agency	Nonmajor Governmental Funds
Deposits with others	$ 10,000	$	$	$
Inventory				323,200
Imprest cash	69,355	8,601	27,350	6,250
Prepaid items				38,025
Tax loss reserve	5,394,638			
Total	$ 5,473,993	$ 8,601	$ 27,350	$ 367,475

Reserved for Capital projects: This represents the portion of fund balance held by trustees for major capital projects.

Reserved for Debt Service: This represents that portion of borrowings which are held in reserve accounts by trustees and that portion of borrowings held in interest reserve accounts for interest payments.

Note 13: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

Designated for Debt Service: This represents that portion of available fund balance segregated to meet future principal and interest payments on debt.

Designated for Contingencies: This represents that portion of available fund balances set aside for emergency and unforeseen expenditures.

Designated for Carryover Appropriations: This represents a portion of the available fund balance set aside for funding approved, but not expended in the current year.

Note 14: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County has a risk management program with respect to workers' compensation, general and professional liability, unemployment, vision, dental care and purchased insurance. Under its existing workers' compensation insurance plan, the County is responsible for $500,000 per occurrence, with a commercial insurance company providing certain liability coverage for up to $5,000,000. The general liability insurance covers property damage, personal injury, auto, and public officials' errors and omissions. General liability, auto, and public officials' errors and omissions ($25,000 deductible) are the County's responsibility for up to $250,000 per occurrence, with the excess insured by the CSAC Excess Insurance Authority for up to $9,750,000. The County has also purchased optional excess liability coverage in the amount of $5 million. Property damage is insured by a commercial carrier for $544,458,485 with a $10,000 deductible. Unemployment, vision care, and dental insurance are the responsibility of the County. Limited exposure precludes the need for outside coverage.

The Health Services Agency Clinics and Ancillary Services, and the Behavioral Health and Recovery Department participate in the medical malpractice program administered by the CEO Risk Management Division. Under this program, the County has a self-insured retention of $500,000 per occurrence and pays all defense costs. The County also carries excess insurance coverage up to $10,000,000 per claim.

There was no reduction in insurance coverage from the prior year. There were no settlements in excess of insurance coverage for each of the past three fiscal years.

The estimation of claims liability depends on many factors such as inflation, changes in legal doctrine, and damage awards. Accordingly, an actuarial study is done each year to update the estimated claims liabilities. These liabilities include incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Note 14: **Risk Management** (continued)

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	2004/2005	2005/2006
Unpaid claims as of July 1	$ 22,103,145	$ 21,555,113
Incurred claims (including IBNRs)	9,987,965	11,743,624
Claim payments	(10,535,997)	(10,169,751)
Unpaid claims as of June 30	$ 21,555,113	$ 23,128,986

The County is a defendant in several legal actions. In the opinion of County Counsel, it is probable the potential liability for these matters could exceed the County's general liability self-insurance retention of $250,000. Any excess over $250,000 would be covered by excess insurance coverage explained above.

In addition, the County is a defendant in a number of other lawsuits or proceedings arising in the normal course of its activities where the ultimate outcome cannot be predicted with certainty. Management does not expect that these matters will have a material adverse effect on the financial position or changes in the financial position of the County.

Note 15: **Commitments**

The County has entered into a contract with PBM Construction Inc. in the amount of $640,276 for improvements to the Riverdale Park and Fishing Access recreational area. Funds from the Park Bond Act of 2002 have been allocated to this project.

Note 16: **Contingent Liabilities**

The County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2006, have not been conducted or concluded. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 17: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

Stanislaus Waste-to-Energy Financing Agency (Agency) was created May 1, 1989, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a commission consisting of two members of the City council and two members of the County's Board of Supervisors. The agreement provides that the City and the County shall pay for costs associated with the operation of the Agency and are entitled to all rights and property of the Agency equally.

Note 17: **Joint Ventures** (continued)

Stanislaus Waste-to-Energy Financing Agency (continued)

On May 1, 1990, the Agency issued Certificates of Participation to refinance a bond issued through California Pollution Control Financing Authority. And on February 1, 2000 Refunding Revenue Certificates were issued to refinance the 1990 COPs. Outstanding debt of the Agency at June 30, 2006 is $40,845,000. Financial statements for the Agency are produced biannually and are available from the County of Stanislaus.

Tuolumne River Regional Park

The County participates with the City of Modesto and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of two members from each city council and the County Board of Supervisors.

The TRRP Board prepares the annual budget, which must be approved by both cities' councils and the Board of Supervisors. Each participant has an equity interest in the assets of the Park based on the percentage of cumulative contributions paid. As of June 30, 2006, the County's equity interest was $1,740,620. For the fiscal year ending June 30, 2006, the County contributed $171,766 to TRRP. Financial statements for TRRP are prepared by the City of Modesto Finance Department and are available from them.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan and set priorities for effective enforcement of such laws throughout Stanislaus County.

The governing body consists of the Sheriff to Stanislaus County and the chief of police for each participating city. All participants contributed to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The County's contribution to the SDEA for fiscal year 2006 was $394,110. Upon termination of the agreement, assets will be distributed based on total contributions from each participant. Financial statements of the SDEA are available from the County.

The City-County Capital Improvements and Financing Agency

The City-County Capital Improvements and Financing Agency (Agency) was created December 17, 1996, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a six-member commission consisting of two members of the City Council, two members of the County's Board of Supervisors, the County Chief Executive Officer and the City Manager. The Agency prepares the annual and project budgets, which must be approved by both the City

Note 17: **Joint Ventures** (continued)

The City-County Capital Improvements and Financing Agency (continued)

Council and the Board of Supervisors. Each participant has an equity interest in the assets of the Agency in accordance with any project agreements or in the percentages as agreed upon by the Agency which percentages shall be reviewed and approved in connection with the project and annual budgets of the Agency. As of June 30, 2006, the County's equity interest in the Agency was $14,867,215 and is reported as Investments-joint ventures in the government-wide statement of new assets.

The County was the Agency's fiscal administrator during the construction phase of the City-County Administration Center, finalized at the end of June 2003. Since then, the City has been the fiscal administrator. Financial statements of the Agency will be available from the City after the initial audit of the Agency's books has been completed.

The California County Tobacco Securitization Agency

In November 1998, the attorneys general of 46 states (including California) and various other public entities (collectively, the "Settling States") and the four largest United States tobacco manufacturers entered into a master settlement agreement (MSA) in resolution of cigarette smoking-related litigation. The MSA effectively releases the manufacturers from past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various jurisdictions therein ("participating jurisdictions") entered into a memorandum of understanding (MOU), made to the State of California in accordance to the MSA. However, the payments under the MSA are subject to numerous adjustments and potential delays.

On November 15, 2000, the County entered into a Joint Powers Agreement (the "Agreement") with the County of Merced, County of Sonoma, and the County of Kern thereby creating the California County Tobacco Securitization Agency (the "Agency"). The Agency then added the County of Marin, County of Placer, the County of Fresno, and the County of Alameda. The Agency is governed by a Commission, which is comprised of two designees of the Board of Supervisors of each member.

The purpose of the Agreement is to provide for the exercise of powers common to each member, including, but not limited to, the power to insure, hedge or otherwise manage the risks associated with the receipt of the MSA payments. In furtherance of it's purpose, the Agency has been empowered to issue Bonds secured by the MSA payments of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the rights to the MSA payments from a member or members.

Note 17: **Joint Ventures** (continued)

The California County Tobacco Securitization Agency (continued)

On March 1, 2002, the Stanislaus County Tobacco Funding Corporation, a component unit of the County, entered into an agreement with the Agency for the purpose of issuing bonds in the principal amount of $67,305,000 to acquire the County's rights to receive the MSA payments when and as such funds are available. The County agreed to sell its rights, title and interest of the money due under the MSA and the MOU for $52,403,206.

On March 1, 2006 the Stanislaus County Tobacco Funding Corporation entered into a subordinate secured loan agreement with the Agency to borrow the proceeds of the $42,153,611 agency 2006 bond issue. The proceeds were used to pay the issuance costs of the bond and the remainder placed in the residual trust established for the benefit of the County in connection with the sale of County tobacco assets mentioned above. The County received $40,971,290.

The financial statements of the Agency are produced annually and are available from the County of Alameda, County Administrator's Office, 1221 Oak Street 5th floor, Oakland CA 94612.

Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the "Agency") was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the "City") and the County of Stanislaus (the "County"). The Agency is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County's Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres' City Council. The purpose of the Agency is to consolidate the public safety communications system. The responsibilities of the County and the City include approval: of the annual budget, claims, liabilities, and the use of Agency property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California, 95357.

Regional Fire Training Center

On July 1, 1992 the County, Yosemite Community College District (YCCD), and the city of Modesto (City) entered into a 20 year agreement for the joint use and management of the regional fire training center (Center) at Modesto Junior College (MJC). The Center's executive board is made up of the Chancellor of YCCD, the President of MJC, the City Manager and the Chief Executive Officer of the County. The Center was initially constructed using funds borrowed by YCCD with the City and County reimbursing a

Note 17: **Joint Ventures** (continued)

Regional Fire Training Center (continued)

portion of these costs over 20 years. The buildings, grounds and equipment belong to YCCD. All three entities share in the Center's operating costs with YCCD responsible for the accounting and monitoring of the Center's budget. For fiscal year ending June 30, 2006, the County paid $13,402 to YCCD under this agreement.

Note 18: **Employees' Retirement Plan**

The County is a major participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, death benefits and health and welfare insurance for certain retirees and their dependents. The plan is administered by the Stanislaus County Employees Retirement Association. One actuarial valuation is performed for the system as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County that are not governed by the County's Board of Supervisors. StanCERA issues a publicly available financial report that includes financial statements and required supplementary information for StanCERA. The financial report may be obtained by writing to Stanislaus County Employees Retirement Association, P.O. Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The financial statements of StanCERA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported sales price at current exchange rates. No investment in any single asset represents more than 5% of the net assets available for pension benefits.

The StanCERA has five tiers of retirement benefits, all or some of which are offered to General and Safety members, respectively. The benefits known as Tier 1, Tier 2, Tier 4, and Tier 5 vest after five years of credited service, while the benefit known as Tier 3 vests after ten years of credited service. Vested General members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten or more years of qualifying service or at any age with thirty or more years of qualifying service. Vested Safety members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten years of

Note 18: **Employees' Retirement Plan** (continued)

qualifying service or at any age with twenty or more years of service. All Tier 3 members may retire at age fifty-five with ten or more years of qualifying service.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4 and Tier 5 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s) cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4 and Tier 5 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4 and Tier 5 are required by statute to contribute to the pension plan. Members' contribution rates are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Contribution rates vary from 4.46% to 19.16% of covered payroll for the County and from 2.35% to 16.32% of covered payroll for employees.

Benefits and contribution provisions are established by state law subject to amendment only by a legislative act of the State of California. Alternative benefit and contribution schedules are permissive with approval of the Board of Supervisors.

In addition to providing pension benefits, StanCERA provides a health insurance stipend for retirees. Substantially all of the active members may become eligible for this benefit if they reach normal retirement age. For the year ending June 30, 2006, 2,248 retirees received this stipend, for a total of $7,623,202. StanCERA sponsored health insurance benefits are not vested and may be discontinued with 90 days notice.

StanCERA also provides a death benefit of $5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members' last public employer.

Post-employment health care benefits are funded from excess earnings of the retirement association. As of June 30, 2006, the excess earnings set aside in the net assets held in trust for pension benefits of the Employees' Retirement Trust for funding post-employment health care benefits amounted to $111,120,324. The County does not contribute towards post-employment benefits other than retirement.

The County's contribution to StanCERA for the years ending June 30, 2004, 2005, and 2006 were $15,062,659, $17,499,775, and $21,879,389 respectively, equal to the required contributions for each year.

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Projects Fund

Redevelopment Agency

The Redevelopment Agency Fund was established so the County can use redevelopment tax increment financing as a tool to initiate capital public project, property rehabilitation and private development.

Capital Projects

The Capital Projects funds were established to account for financial resources for the acquisition or construction of major capital facilities. Among the major projects is a downtown project that includes the construction of a parking garage and office structure and the construction of the Center for the Arts.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service funds include:

Capital Improvement Financing Authority

The Capital Improvement Financing Authority is used to accumulate resources for payment of principal and interest incurred by the sale of Certificate of Participation issued to finance various capital projects.

Pension Obligation Bonds

This fund is used to accumulate resources for the payment of principal and interest of taxable bonds issued to pay the Employees Retirement Association the County's unfunded actuarial accrued liability.

Stanislaus County Tobacco Funding Corporation

This fund is used to account for the receipt and disbursement of tobacco securitization revenues from the State.

County of Stanislaus
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds	Capital Projects Funds: Redevelopment Agency	Capital Projects Funds: Capital Projects	Debt Service Funds: Capital Improvement Finance Authority	Debt Service Funds: Pension Obligation Bonds	Debt Service Funds: Stan County Tobacco Funding Corp	Totals
Assets							
Cash and investments	$ 58,958,673	$ 20,639,188	$ 10,850,941	$	$ 85,703	$ 8,905	$ 90,543,410
Cash with fiscal agent		1,215,433	10,544,547	14,114,318	129,700	4,787,537	30,791,535
Tax receivable	4,145	16,719					20,864
Account receivable (net of allowance for uncollectables)	14,495,002	3,834	383,046			2,487,822	17,369,704
Interest and other receivables	283,785	124,543	81,069				489,397
Inventory	323,201						323,201
Due from other funds	3,858,325						3,858,325
Prepaid items	38,025						38,025
Advance to other funds	690,422						690,422
Total assets	$ 78,651,578	$ 21,999,717	$ 21,859,603	$ 14,114,318	$ 215,403	$ 7,284,264	$ 144,124,883
Liabilities and Fund Balance							
Liabilities							
Accounts payable	$ 5,124,750	$ 19,218	$ 1,381,323	$	$ 8,378	$	$ 6,533,669
Salaries and benefits payable	3,400,329	11,424					3,411,753
Due to other funds	1,431,329						1,431,329
Due to other governments						2,487,767	2,487,767
Deposits from others	29,679						29,679
Deferred revenue	1,562,293						1,562,293
Advances from other funds	100,000	1,090,422					1,190,422
Total Liabilities	11,648,380	1,121,064	1,381,323		8,378	2,487,767	16,646,912
Fund Balances							
Reserved for:							
Encumbrances	7,276,852	212,871	8,258,448				15,748,171
Advances to other funds	690,422						690,422
Other	367,475						367,475
Capital projects		1,215,433	10,544,547				11,759,980
Debt service		49,000		14,114,318	129,700	4,787,536	19,080,554
Unreserved:							
Undesignated	58,668,449	19,401,349	1,675,285		77,325	8,961	79,831,369
Total fund balances	67,003,198	20,878,653	20,478,280	14,114,318	207,025	4,796,497	127,477,971
Total liabilities and fund balances	$ 78,651,578	$ 21,999,717	$ 21,859,603	$ 14,114,318	$ 215,403	$ 7,284,264	$ 144,124,883

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2006

		Capital Projects Funds		Debt Service Funds			
	Special Revenue Funds	Redevelopment Agency	Capital Projects	Capital Improvement Finance Authority	Pension Obligation Bonds	Stan County Tobacco Funding Corp	Totals
Revenues:							
Taxes	$ 11,956,853	$ 3,973,744	$	$	$	$	$ 15,930,597
Licenses, permits and franchises	3,472,051						3,472,051
Fines, forfeitures and penalties	1,065,057		1,348,874				2,413,931
Revenue from use of money and property	1,621,536	536,324	948,985	801,967		283,837	4,192,649
Intergovernmental revenue	76,344,510	315,682	1,624,666		480,086		78,764,944
Charges for services	30,744,699	76,533	277,240				31,098,472
Miscellaneous revenue	1,058,379	80,419	678,356		163,301	4,480,388	6,460,843
Total revenues	126,263,085	4,982,702	4,878,121	801,967	643,387	4,764,225	142,333,487
Expenditures:							
Current:							
General government	10,970,938						10,970,938
Public protection	40,492,958						40,492,958
Public ways and facilities	20,888,547						20,888,547
Health and sanitation	42,139,185						42,139,185
Public assistance	16,947,078						16,947,078
Education	10,166,564						10,166,564
Recreation and cultural services	12,744						12,744
Debt service:							
Interest and fiscal charges	88	598,023		5,635,528	5,206,499	4,929,345	16,369,483
Principal	3,188	178,048		5,953,312	6,225,000	1,100,000	13,459,548
Capital outlay		982,737	17,400,115				18,382,852
Total expenditures	141,621,290	1,758,808	17,400,115	11,588,840	11,431,499	6,029,345	189,829,897
Revenues over (under) expenditures	(15,358,205)	3,223,894	(12,521,994)	(10,786,873)	(10,788,112)	(1,265,120)	(47,496,410)
Other financing sources (uses):							
Loan proceeds		15,615,000					15,615,000
Transfers in	31,465,471	1,304,784	3,122,334	9,375,214	9,716,006		54,983,809
Transfers out	(6,216,019)	(1,308,708)	(973,334)			(1,000,087)	(9,498,148)
Proceeds of tobacco securitization						1,182,320	1,182,320
Total other financing sources (uses)	25,249,452	15,611,076	2,149,000	9,375,214	9,716,006	182,233	62,282,981
Net changes in fund balances	9,891,247	18,834,970	(10,372,994)	(1,411,659)	(1,072,106)	(1,082,887)	14,786,571
Fund balances -- beginning	57,111,951	2,043,683	30,851,274	15,525,977	1,279,131	5,879,384	112,691,400
Fund balances -- ending	$ 67,003,198	$ 20,878,653	$ 20,478,280	$ 14,114,318	$ 207,025	$ 4,796,497	$ 127,477,971

Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Special revenue funds include:

Environmental Resources

This fund was established as a Comprehensive Environmental Department whose mandated goal was to control those factors in our physical environment, which exercise or may exercise a deleterious effect on our health and environment. Its revenues come from charges for services and federal and state sources.

Children and Families First Commission

This fund was established to create and implement a comprehensive system of services to support childhood development from the prenatal stage to five (5) years of age. Its revenues come from an increase in the tobacco tax. The tax is divided among counties based on the number of live births, annually, in each county.

Public Works – Engineering

This fund was established to provide engineering services to other division in the Public Works Department and other County departments. Revenue consists primarily of charges for services

Road and Bridge

This fund was established to provide maintenance and construction of roadways and bridges. Revenue consists primarily of the County's share of state highway users taxes and is supplemented by federal funds, vehicle code fines, and reimbursements for services provided.

Employment and Training

This fund was established to account for the Workforce Incentive Act. The County serves as the grant recipient and administrator. The federal government funds the program for the purposes of providing employment and training services to youth and adults, who are unskilled, economically disadvantaged, unemployed, or underemployed.

Child Support Services

This fund was established to account for the Department of Child Support Services, which is responsible for locating absent parents, establishing paternity, establishing child and medical support orders, collecting and distributing child support from absent parents and initiating remedial actions to collect on delinquencies. Federal and state funding are the primary source of revenues.

NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

Public Authority

This fund was established to operate as the Employer of Record for In-Home Supportive Service Providers (Providers). The Public Authority negotiates with the union for wages and benefits for Providers, operates a registry and conducts background checks on Providers.

Health Services Agency

This fund was established to oversee the delivery of health care to Stanislaus County residents. It includes the Public Health and Managed Care divisions and oversees the Health Clinics and Ancillary Services (enterprise fund). The revenues for this fund are primarily intergovernmental sources and charges for services, supplemented by transfers from the General Fund.

Indigent Health Care

This fund was established to administer state and county funds for the delivery for quality medical care for indigent and medically indigent county residents. The primary funding source is the State.

Library

This fund was established to account for library services in thirteen branches throughout the county. Support is derived principally from general fund discretionary revenues and 1/8% sales tax increment beginning in July 1995.

Lighting Districts

This fund was established for lighting districts that are controlled by the Board of Supervisors. The revenue sources are property taxes and direct assessments.

All Other Special Revenue Funds

Accounts for the activities of several special revenue funds, including:

- Area Agency on Aging
- Property Tax Administration Program
- Federal & State Grants
- County Service Areas
- Storm Drain Districts
- Landscape and Lighting Districts
- County Fire Service

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
Assets							
Cash and investments	$ 2,142,822	$ 21,963,502	$ 2,718,354	$ 12,532,394	$ 216	$ 1,958,061	$
Tax receivable							
Account receivable (net of allowance for uncollectables)	641,210	1,518,968	66,896	1,799,239	976,571	275,375	784,023
Interest and other receivables	12,024	144,524		78,906		13,947	
Inventory				257,413			
Due from other funds							
Prepaid items						11,694	
Advance to other funds				690,422			
Total assets	$ 2,796,056	$ 23,626,994	$ 2,785,250	$ 15,358,374	$ 976,787	$ 2,259,077	$ 784,023
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 285,754	$ 1,719,199	$ 55,197	$ 145,895	$ 342,695	$ 30,546	$ 6,670
Salaries and benefits payable	276,762	26,018	281,667	190,334	270,130	622,980	
Due to other funds							89,650
Deposits from others					16,375	7,094	
Deferred revenue							687,703
Advances from other funds							
Total Liabilities	562,516	1,745,217	336,864	336,229	629,200	660,620	784,023
Fund Balances							
Reserved for:							
Encumbrances	427,941	1,119,773	210,320	58,540	13,978	73,717	
Advances to other funds				690,422			
Other	800			257,413		11,794	
Unreserved:							
Undesignated	1,804,799	20,762,004	2,238,066	14,015,770	333,609	1,512,946	
Total fund balances	2,233,540	21,881,777	2,448,386	15,022,145	347,587	1,598,457	
Total liabilities and fund balances	$ 2,796,056	$ 23,626,994	$ 2,785,250	$ 15,358,374	$ 976,787	$ 2,259,077	$ 784,023

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2006

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Assets
$ 1,675,184	$ 1,504,990	$ 5,047,785	$ 98,569	$ 9,316,796	$ 58,958,673	Cash and investments
				4,145	4,145	Tax receivable
4,170,311	393,378	1,422,515		2,446,516	14,495,002	Account receivable (net of allowance for uncollectables)
6,923	1,281		590	25,590	283,785	Interest and other receivables
65,788					323,201	Inventory
3,858,325					3,858,325	Due from other funds
26,331					38,025	Prepaid items
					690,422	Advance to other funds
$ 9,802,862	$ 1,899,649	$ 6,470,300	$ 99,159	$ 11,793,047	$ 78,651,578	Total assets
						Liabilities and Fund Balances
						Liabilities
$ 963,315	$ 430,649	$ 157,765	$ 14,457	$ 972,608	$ 5,124,750	Accounts payable
1,008,798	71,644	323,416		328,580	3,400,329	Salaries and benefits payable
	1,341,679				1,431,329	Due to other funds
				6,210	29,679	Deposits from others
619,338		10,403		244,849	1,562,293	Deferred revenue
				100,000	100,000	Advances from other funds
2,591,451	1,843,972	491,584	14,457	1,652,247	11,648,380	Total Liabilities
						Fund Balances
						Reserved for:
8,021	28,178	244,563		5,091,821	7,276,852	Encumbrances
					690,422	Advances to other funds
95,618		1,150		700	367,475	Other
						Unreserved:
7,107,772	27,499	5,733,003	84,702	5,048,279	58,668,449	Undesignated
7,211,411	55,677	5,978,716	84,702	10,140,800	67,003,198	Total fund balances
$ 9,802,862	$ 1,899,649	$ 6,470,300	$ 99,159	$ 11,793,047	$ 78,651,578	Total liabilities and fund balances

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2006

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
Revenues:							
Taxes	$	$	$	$ 1,866,380	$	$	$
Licenses, permits and franchises			3,204,196	117,929			
Fines, forfeitures and penalties	242,433						
Revenue from use of money and property	57,615	842,866		352,263		146,925	
Intergovernmental revenue	859,653	7,499,759	90,530	13,052,250	9,383,590	16,246,760	2,509,186
Charges for services	6,288,256		4,415,456	381,713	2,068,587	885	
Miscellaneous revenue	44,895	212,417	1,077	4,349		52	
Total revenues	7,492,852	8,555,042	7,711,259	15,774,884	11,452,177	16,394,622	2,509,186
Expenditures:							
General		10,082,648					
Public protection	8,703,656		2,979,181			15,635,560	
Public ways and facilities			4,541,065	16,347,482			
Health and sanitation							
Public assistance					11,326,561		3,098,494
Education							
Recreation and cultural services							
Debt Service:							
Interest and fiscal charges			88				
Principal			3,188				
Total expenditures	8,703,656	10,082,648	7,523,522	16,347,482	11,326,561	15,635,560	3,098,494
Revenues over (under) expenditures	(1,210,804)	(1,527,606)	187,737	(572,598)	125,616	759,062	(589,308)
Other financing sources (uses):							
Transfers in	1,325,724		640,445	11,402,344			589,308
Transfers out	(133,155)	(12,936)	(141,422)	(122,923)	(152,621)	(327,023)	
Total other financing sources (uses)	1,192,569	(12,936)	499,023	11,279,421	(152,621)	(327,023)	589,308
Net change in fund balance	(18,235)	(1,540,542)	686,760	10,706,823	(27,005)	432,039	
Fund balances -- beginning	2,251,775	23,422,319	1,761,626	4,315,322	374,592	1,166,418	
Fund balances -- ending	$ 2,233,540	$ 21,881,777	$ 2,448,386	$ 15,022,145	$ 347,587	$ 1,598,457	$

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the fiscal year ended June 30, 2006

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Revenues:
$	$	$ 8,953,949	$ 56,546	$ 1,079,978	$ 11,956,853	Taxes
9,286				140,640	3,472,051	Licenses, permits and franchises
101,982	524,899			195,743	1,065,057	Fines, forfeitures and penalties
						Revenue from use of money
51,129	10,973		2,514	157,251	1,621,536	and property
12,278,206	3,210,358	394,904	793	10,818,521	76,344,510	Intergovernmental revenue
11,299,472	1,338,253	445,108	178,604	4,328,365	30,744,699	Charges for services
94,672	569	107,013	920	592,415	1,058,379	Miscellaneous revenue
23,834,747	5,085,052	9,900,974	239,377	17,312,913	126,263,085	Total revenues
						Expenditures:
				888,290	10,970,938	General
			212,838	12,961,723	40,492,958	Public protection
					20,888,547	Public ways and facilities
26,992,304	15,146,881				42,139,185	Health and sanitation
				2,522,023	16,947,078	Public assistance
		10,160,654		5,910	10,166,564	Education
				12,744	12,744	Recreation and cultural services
						Debt Service:
					88	Interest and fiscal charges
					3,188	Principal
26,992,304	15,146,881	10,160,654	212,838	16,390,690	141,621,290	Total expenditures
(3,157,557)	(10,061,829)	(259,680)	26,539	922,223	(15,358,205)	Revenues over (under) expenditures
						Other financing sources (uses):
4,611,219	10,390,166	827,516		1,678,749	31,465,471	Transfers in
(748,866)	(308,311)	(132,032)		(4,136,730)	(6,216,019)	Transfers out
3,862,353	10,081,855	695,484		(2,457,981)	25,249,452	Total other financing sources (uses)
704,796	20,026	435,804	26,539	(1,535,758)	9,891,247	Net change in fund balance
						Fund balances --
6,506,615	35,651	5,542,912	58,163	11,676,558	57,111,951	beginning
$ 7,211,411	$ 55,677	$ 5,978,716	$ 84,702	$ 10,140,800	$ 67,003,198	Fund balances -- ending

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units, which render services on a user-charge basis to the general public.

County Transit System

This fund was established to account for the operation of a transit system within the county which performs intra-city transit service, medical transportation, and Senior Opportunity Services Program's nutrition deliveries. Revenues are generated from state grants and fees to transit users.

Stanislaus Behavioral Health Center

This fund was established to account for the operations of the Stanislaus Behavioral Health Center, which provides mental health and chemical dependency inpatient and outpatient services to public and private clients.

Inmate Welfare/Commissary

This fund was established to account for the activity of the Jail Commissary and the use of revenue generated from the sale of goods for the benefit of inmates.

County of Stanislaus
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2006

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
ASSETS:				
Current Assets:				
Cash and investments	$ 1,047,375	$	$ 1,110,715	$ 2,158,090
Accounts receivable, net	540,209	3,132,512		3,672,721
Interest and other receivables	8,810		6,559	15,369
Inventory			16,858	16,858
Due from other funds		1,552,079		1,552,079
Total current assets	1,596,394	4,684,591	1,134,132	7,415,117
Noncurrent assets:				
Capital assets:				
Building and improvements		7,221,133	196,613	7,417,746
Equipment	3,162,832	338,625	113,402	3,614,859
Less: Accumulated depreciation	(728,530)	(2,412,015)	(105,206)	(3,245,751)
Total noncurrent assets	2,434,302	5,147,743	204,809	7,786,854
Total assets	4,030,696	9,832,334	1,338,941	15,201,971
LIABILITIES:				
Current liabilities:				
Accounts payable	191,967	408,501	68,783	669,251
Due to other funds		5,162,172		5,162,172
Salaries and benefits payable	15,235	575,327		590,562
Liability for compensated absences - current		22,997		22,997
Total current liabilities	207,202	6,168,997	68,783	6,444,982
Noncurrent liabilities				
Liability for compensated absences	31,950	516,243		548,193
Total noncurrent liabilities	31,950	516,243		548,193
Total liabilities	239,152	6,685,240	68,783	6,993,175
NET ASSETS:				
Invested in capital assets, net of related debt	2,434,302	5,147,743	204,809	7,786,854
Unrestricted	1,357,242	(2,000,649)	1,065,349	421,942
Total net assets	$ 3,791,544	$ 3,147,094	$ 1,270,158	$ 8,208,796

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2006

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
Operating revenues:				
Charges for services	$ 270,285	$ 17,043,258	$ 1,587,771	$ 18,901,314
Total operating revenues	270,285	17,043,258	1,587,771	18,901,314
Operating expenses:				
Salaries and benefits	276,512	11,150,081		11,426,593
Services and supplies	2,089,513	5,126,688	1,430,661	8,646,862
Depreciation	255,028	190,873	18,269	464,170
Total operating expenses	2,621,053	16,467,642	1,448,930	20,537,625
Operating loss	(2,350,768)	575,616	138,841	(1,636,311)
Nonoperating revenues (expenses)				
Interest income	47,385		33,632	81,017
Interest expense		(106,384)		(106,384)
Intergovernmental	2,968,651	271		2,968,922
Total nonoperating revenues (expenses)	3,016,036	(106,113)	33,632	2,943,555
Income (loss) before contributions and transfers	665,268	469,503	172,473	1,307,244
Transfers in		342,698		342,698
Transfers out	(7,916)	(1,424,586)		(1,432,502)
Change in net assets	657,352	(612,385)	172,473	217,440
Total net assets - beginning	3,134,192	3,759,479	1,097,685	7,991,356
Total net assets - ending	$ 3,791,544	$ 3,147,094	$ 1,270,158	$ 8,208,796

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal service funds were established to finance and account for the services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from the public services which are rendered to the public in general and which are accounted for in General, special revenue, or enterprise funds.

General Liability Insurance

This fund is a risk management fund which was established to account for administrative cost, insurance premiums and the cost of claims for the County's property damage, general liability, auto liability, fiduciary, bonds, dishonesty, and legal defense. Revenues are generated by premiums paid by other funds and interest on investments.

Unemployment Insurance

This fund is a risk management fund which accounts for administrative cost and cost for the County's unemployment claims. Revenues are generated by premiums paid by other funds and interest on investments.

Workers' Compensation Insurance

This fund is a risk management fund which accounts for administrative cost, loss control and cost of Workers' Compensation claims and benefits. Revenues are generated by premiums paid by other funds and interest on investments.

Purchased Insurance

This fund accounts for insurance purchased from outside vendors for health and life insurance. Revenues are generated by premiums paid by other funds.

Dental Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee dental claims. Revenues are generated by premiums paid by other funds and interest on investments.

Vision Care Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee vision care claims. Revenues are generated by premiums paid by other funds and interest on investments.

Professional Liability Insurance

This fund is a risk management fund to account for the purchase of insurance and the cost of claims for medical malpractice cases, administrative costs and legal defense. Revenues are generated by premiums paid predominantly by the Health Services Agency Clinics and Ancillary Services Enterprise Fund, and interest on investments.

INTERNAL SERVICE FUNDS
(Continued)

Central Services

This fund was established to account for the cost of issuing supplies and food items, printing, duplication, postage, mail room service, and messenger service. Revenues are generated based on billings for services provided.

Fleet Services

This fund was established to account for the cost of maintaining all County-owned automobiles, trucks, and heavy equipment for County departments. Revenues are based on fee charges for services provided.

Technology and Communications

This fund was established to account for the costs of providing information services, computer processing and communication services. Revenues are based on billings to customers for services provided.

Morgan Shop Garage

This fund was established to account for the cost of maintaining Public Works light and heavy equipment. Revenues are based on fee charges for services provided.

County of Stanislaus
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
ASSETS:						
Cash and investments	$ 3,595,192	$ 1,972,469	$ 19,124,931	$ 40,149	$ 1,457,208	$ 418,483
Accounts receivable, net	5,600		18,164		379	
Interest and other receivables	21,760	12,216	113,012		9,145	2,479
Inventory						
Deposit with others			500,000		25,000	46,730
Prepaid items	16,437					
Total current assets	3,638,989	1,984,685	19,756,107	40,149	1,491,732	467,692
Capital assets:						
Structures and improvements						
Equipment	23,693		35,614			
Less: Accumulated depreciation	(23,693)		(34,904)			
Net capital assets			710			
Total assets	3,638,989	1,984,685	19,756,817	40,149	1,491,732	467,692
LIABILITIES:						
Current liabilities						
Accounts payable	136,700	125,729	384,120	1,131	12	58,702
Salaries and benefits payable						
Due to other funds						
Risk management liability-current	1,382,414	575,538	5,943,147		509,621	97,827
Capital lease - current						
Compensated absences - current						
Total current liabilities	1,519,114	701,267	6,327,267	1,131	509,633	156,529
Noncurrent liabilities						
Risk management liability	67,586		14,273,853			
Compensated absences						
Total noncurrent liabilities	67,586		14,273,853			
Total liabilities	1,586,700	701,267	20,601,120	1,131	509,633	156,529
NET ASSETS (DEFICIT) :						
Invested in capital assets, net of related debt			710			
Unrestricted	2,052,289	1,283,418	(845,013)	39,018	982,099	311,163
Total net assets	$ 2,052,289	$ 1,283,418	$ (844,303)	$ 39,018	$ 982,099	$ 311,163

County of Stanislaus
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2006

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						ASSETS:
$ 2,524,165	$ 251,489	$	$ 1,497,715	$ 417,888	$ 31,299,689	Cash and investments
	14,691	1,808	32,798	3,273	76,713	Accounts receivable, net
14,861					173,473	Interest and other receivables
	145,352	70,677		90,243	306,272	Inventory
					571,730	Deposit with others
			58,164		74,601	Prepaid items
2,539,026	411,532	72,485	1,588,677	511,404	32,502,478	Total current assets
						Capital assets:
		990,773			990,773	Structures and improvements
	211,868	7,186,360	4,237,990	7,768,146	19,463,671	Equipment
	(175,247)	(5,286,388)	(3,869,658)	(5,089,375)	(14,479,265)	Less: Accumulated depreciation
	36,621	2,890,745	368,332	2,678,771	5,975,179	Net capital assets
2,539,026	448,153	2,963,230	1,957,009	3,190,175	38,477,657	Total assets
						LIABILITIES:
						Current liabilities
79,231	144,614	116,688	165,422	66,369	1,278,718	Accounts payable
	88,780	70,813	208,060	19,903	387,556	Salaries and benefits payable
		395,708			395,708	Due to other funds
279,000					8,787,547	Risk management liability-current
				3,051	3,051	Capital lease - current
	1,019	1,490	32,978	121	35,608	Compensated absences - current
358,231	234,413	584,699	406,460	89,444	10,888,188	Total current liabilities
						Noncurrent liabilities
					14,341,439	Risk management liability
	76,883	81,307	227,121	47,244	432,555	Compensated absences
	76,883	81,307	227,121	47,244	14,773,994	Total noncurrent liabilities
358,231	311,296	666,006	633,581	136,688	25,662,182	Total liabilities
						NET ASSETS (DEFICIT) :
						Invested in capital assets,
	36,621	2,890,745	368,332	2,675,720	5,972,128	net of related debt
2,180,795	100,236	(593,521)	955,096	377,767	6,843,347	Unrestricted
$ 2,180,795	$ 136,857	$ 2,297,224	$ 1,323,428	$ 3,053,487	$ 12,815,475	Total net assets

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2006

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
Operating revenues:						
Charges for services	$ 3,072,598	$ 935,520	$ 11,867,558	$ 31,188,249	$ 4,167,550	$ 939,153
Total operating revenues	3,072,598	935,520	11,867,558	31,188,249	4,167,550	939,153
Operating expenses:						
Salaries and benefits						
Services and supplies	2,326,511	712,413	7,694,429	31,143,512	4,045,901	932,672
Depreciation			1,216			
Total operating expenses	2,326,511	712,413	7,695,645	31,143,512	4,045,901	932,672
Operating income	746,087	223,107	4,171,913	44,737	121,649	6,481
Nonoperating revenues (expenses):						
Interest income	96,870	67,860	577,544		50,092	12,688
Interest expense						
Gain on sale of capital assets						
Total nonoperating revenues (expenses), net	96,870	67,860	577,544		50,092	12,688
Income (loss) before contributions and transfers	842,957	290,967	4,749,457	44,737	171,741	19,169
Capital contribution						
Transfers in						
Transfers out	(138,997)		(25,000)			
Changes in net assets	703,960	290,967	4,724,457	44,737	171,741	19,169
Total net assets (deficit) - beginning	1,348,329	992,451	(5,568,760)	(5,719)	810,358	291,994
Total net assets - ending	$ 2,052,289	$ 1,283,418	$ (844,303)	$ 39,018	$ 982,099	$ 311,163

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2006

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						Operating revenues:
$ 1,104,140	$ 1,108,314	$ 3,025,820	$ 5,949,209	$ 2,374,066	$ 65,732,177	Charges for services
1,104,140	1,108,314	3,025,820	5,949,209	2,374,066	65,732,177	Total operating revenues
						Operating expenses:
	703,090	747,525	2,395,253	553,346	4,399,214	Salaries and benefits
378,680	371,340	1,558,195	2,393,390	1,312,438	52,869,481	Services and supplies
	6,780	750,838	152,501	405,551	1,316,886	Depreciation
378,680	1,081,210	3,056,558	4,941,144	2,271,335	58,585,581	Total operating expenses
725,460	27,104	(30,738)	1,008,065	102,731	7,146,596	Operating income
						Nonoperating revenues (expenses):
76,770					881,824	Interest income
				(1,154)	(1,154)	Interest expense
	500	(20,944)			(20,444)	Gain on sale of capital assets
76,770	500	(20,944)		(1,154)	860,226	Total nonoperating revenues (expenses), net
802,230	27,604	(51,682)	1,008,065	101,577	8,006,822	Income (loss) before contributions and transfers
		25,319	19,857		45,176	Capital contribution
		96,121	479,643		575,764	Transfers in
	(15,646)	(17,727)	(61,293)	(12,861)	(271,524)	Transfers out
802,230	11,958	52,031	1,446,272	88,716	8,356,238	Changes in net assets
1,378,565	124,899	2,245,193	(122,844)	2,964,771	4,459,237	Total net assets (deficit) - beginning
$ 2,180,795	$ 136,857	$ 2,297,224	$ 1,323,428	$ 3,053,487	$ 12,815,475	Total net assets - ending

Statistical Information

County of Stanislaus
Net Assets by Component
(accrual basis of accounting)
Last Five Fiscal Years

	Fiscal Year				
	2002 as restated	2003 as restated	2004	2005 as restated	2006
Governmental activities					
Invested in capital assets, net of related debt	$ 502,867,315	$ 496,673,006	$ 495,467,522	$ 486,725,321	$ 468,897,825
Restricted	170,994,690	171,348,552	111,663,081	127,009,622	152,249,240
Restricted by enabling legislation				20,529	126,604
Unrestricted (deficit)	(30,001,296)	(70,833,738)	(22,784,867)	10,909,303	36,961,726
Total governmental activities net assets	$ 643,860,709	$ 597,187,820	$ 584,345,736	$ 624,664,775	$ 658,235,395
Business-type activities					
Invested in capital assets, net of related debt	$ 22,441,843	$ 22,276,120	$ 24,016,538	$ 27,911,764	$ 29,741,803
Restricted	19,420,965	21,030,306	17,058,797	16,464,101	17,484,367
Restricted by enabling legislation				-	-
Unrestricted (deficit)	(26,574,831)	(32,132,595)	(19,977,851)	(19,270,657)	(18,807,906)
Total business-type activities net assets	$ 15,287,977	$ 11,173,831	$ 21,097,484	$ 25,105,208	$ 28,418,264
Primary government					
Invested in capital assets, net of related debt	$ 525,309,158	$ 518,949,126	$ 519,484,060	$ 514,637,085	$ 498,639,628
Restricted	190,415,655	192,378,858	128,721,878	143,473,723	169,733,607
Restricted by enabling legislation				20,529	126,604
Unrestricted	(56,576,127)	(102,966,333)	(42,762,718)	(8,361,354)	18,153,820
Total primary government net assets	$ 659,148,686	$ 608,361,651	$ 605,443,220	$ 649,769,983	$ 686,653,659

Notes:
FY 2001-2002 primary government total net assets was restated from $678,494,188 to $659,148,686
FY 2002-2003 governmental activities total net assets was restated from $639,576,553 to $597,187,820
FY 2004-2005 business-type activities total net assets was restated from $23,160,498 to $25,105,208

County of Stanislaus
Changes in Net Assets
(accrual basis of accounting)
Last Five Fiscal Years

	Fiscal Year				
	2002 as restated	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	$ 40,719,666	$ 48,391,005	$ 44,290,347	$ 43,758,556	$ 46,905,827
Public protection	136,575,084	143,930,821	146,200,826	153,222,823	171,456,271
Public ways and facilities	33,500,529	39,214,960	45,291,400	49,611,339	43,300,626
Health and sanitation	99,938,442	103,632,801	103,788,932	104,052,780	107,002,519
Public assistance	210,016,007	205,434,527	204,811,256	216,024,493	226,912,785
Education	8,979,780	9,628,228	10,553,123	11,455,049	11,617,617
Recreation	4,786,457	6,062,670	6,710,196	5,367,318	5,936,392
Interest and fiscal charges on long-term debt	11,720,293	11,582,666	17,522,288	17,509,698	15,794,464
Total governmental activities expenses	546,236,258	567,877,678	579,168,368	601,002,056	628,926,501
Business-type activities:					
Landfills	7,184,548	7,659,100	4,295,808	1,837,850	4,264,879
Behavioral Health	14,019,815	13,799,708	16,655,727	16,256,875	16,574,026
Health Clinics and Ancillary	36,353,822	37,321,847	40,143,654	42,296,204	47,386,656
Inmate Welfare and Commissary	1,317,672	1,437,906	1,718,460	1,861,958	1,448,930
Transit	1,951,513	2,082,555	2,348,014	2,953,712	2,621,053
Total business-type activities expenses	60,827,370	62,301,116	65,161,663	65,206,599	72,295,544
Total primary government expenses	$ 607,063,628	$ 630,178,794	$ 644,330,031	$ 666,208,655	$ 701,222,045
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 24,217,304	$ 23,686,029	$ 17,555,386	$ 25,096,648	$ 25,071,142
Public protection	33,777,480	33,973,505	40,883,130	47,523,591	47,598,437
Public ways and facilities	2,100,852	1,990,484	12,520,953	14,937,803	13,523,739
Health and sanitation	26,121,085	24,778,203	26,047,686	27,706,588	34,027,134
Public assistance	3,360,030	4,139,918	3,241,588	5,144,987	4,562,731
Education	591,882	387,553	1,958,812	2,597,282	1,791,647
Recreation	3,564,748	2,100,374	3,383,321	4,303,898	4,195,225
Operating grants and contributions	340,536,926	332,085,792	335,349,242	346,718,321	373,932,272
Capital grants and contributions	19,854,710	23,552,188	11,639,869	18,080,864	17,156,592
Total governmental activities program revenues	454,125,017	446,694,046	452,579,987	492,109,982	521,858,919
Business-type activities:					
Charges for services:					
Landfills	5,623,173	4,793,867	4,941,990	5,785,376	5,941,134
Behavioral Health	12,487,670	14,756,842	16,138,480	15,994,328	17,043,260
Health Clinics and Ancillary	37,767,463	37,576,983	39,969,644	38,144,080	36,897,631
Inmate Welfare and Commissary	1,410,094	1,226,081	1,230,589	1,387,650	1,587,772
Transit	178,400	196,832	248,081	280,470	270,282
Operating grants and contributions	808,097	514,380	2,113,508	945,523	1,172,645
Capital grants and contributions	2,322,034		133,483	2,106,894	219,614
Total business-type activities program revenues	60,596,931	59,064,985	64,775,775	64,644,321	63,132,338
Total primary government program revenues	$ 514,721,948	$ 505,759,031	$ 517,355,762	$ 556,754,303	$ 584,991,257

Net (expense)/revenue					
Governmental activities	$ (92,111,241)	$ (121,183,632)	$ (126,588,381)	$ (108,892,074)	$ (107,067,582)
Business-type activities	(230,439)	(3,236,131)	(385,888)	(562,278)	(9,163,206)
Total primary government net expense	$ (92,341,680)	$ (124,419,763)	$ (126,974,269)	$ (109,454,352)	$ (116,230,788)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	$ 29,325,476	$ 31,561,725	$ 34,432,004	36,762,205	91,742,755
Sales taxes	23,656,194	26,468,757	27,480,214	29,434,230	32,547,462
Other taxes	2,603,661	2,918,028	3,787,530	4,667,735	4,693,426
Franchise fees	1,221,235	918,309	1,020,333	1,015,443	1,053,101
Payment in lieu of taxes					
Motor vehicle license	30,646,886	32,658,197	25,906,813	44,584,362	
Open space subvention	1,803,361	1,737,231	1,691,748	1,670,086	1,609,009
Rental income	710,984				
Unrestricted investment earnings	5,476,077	3,646,615	2,550,113	10,552,047	8,678,242
Miscellaneous	11,123,678	11,648,645	11,543,413	12,506,005	9,652,580
Donation			13,537,658	9,460,780	
Gain (loss) on sale of fixed assets	(1,684,661)				
Special Item-proceeds of tobacco securitization	52,403,206				
Transfers	3,161,648	5,341,969	(8,203,529)	(1,441,780)	(9,338,373)
Total governmental activities	160,447,745	116,899,476	113,746,297	149,211,113	140,638,202
Business-type activities:					
Sales taxes	1,606,502	1,892,035		2,422,965	2,506,291
Unrestricted investment earnings	2,479,622	2,571,919	2,106,012	705,257	631,598
Gain (loss) on sale of fixed assets	(11,801)				
Transfers	(3,161,648)	(5,341,969)	8,203,529	1,441,780	9,338,373
Total business-type activities	912,675	(878,015)	10,309,541	4,570,002	12,476,262
Total primary government	$ 161,360,420	$ 116,021,461	$ 124,055,838	$ 153,781,115	$ 153,114,464
Change in Net Assets					
Governmental activities	$ 68,336,504	$ (4,284,156)	$ (12,842,084)	$ 40,319,039	$ 33,570,620
Business-type activities	682,236	(4,114,146)	9,923,653	4,007,724	3,313,056
Total primary government	$ 69,018,740	$ (8,398,302)	$ (2,918,431)	$ 44,326,763	$ 36,883,676

County of Stanislaus
Governmental Activities Tax Revenues by Source
(accrual basis of accounting)
Last Five Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Other Tax	Total	
2002	$ 29,325,476	$ 23,656,194	$ 2,603,661	$ 55,585,331	
2003	31,561,725	26,468,757	2,918,028	60,948,510	
2004	34,432,004	27,480,214	3,787,530	65,699,748	
2005	36,762,205	29,434,230	4,667,735	70,864,170	
2006	91,742,755	32,547,462	4,693,426	128,983,643	(1)

(1) Over $46 million of the 2006 increase can be attributed to the State's swap of motor vehicle in-lieu taxes for property taxes in-lieu of vehicle license fees.

County of Stanislaus
Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Reserved	$ 16,910,835	$ 23,941,306	$ 25,354,279	$ 25,924,335	$ 31,767,114
Unreserved	38,924,411	35,999,464	33,292,699	56,023,028	74,630,642
Total general fund	$ 55,835,246	$ 59,940,770	$ 58,646,978	$ 81,947,363	$ 106,397,756
All other governmental funds					
Reserved	$ 32,322,226	37,071,720	108,136,528	67,918,410	48,258,775
Unreserved, reported in:					
Special revenue funds	113,216,454	107,689,217	110,031,476	109,598,487	163,006,645
Capital project funds	51,563,966	47,090,116	25,250,961	68,311,908	101,602,439
Debt service funds	7,288,740	4,631,675	2,527,799	1,177,586	86,286
Total all other governmental funds	$ 204,391,386	$ 196,482,728	$ 245,946,764	$ 247,006,391	$ 312,954,145

County of Stanislaus
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$ 55,585,337	60,948,505	65,574,750	70,907,713	128,897,810
Licenses, permits and franchises	3,514,853	3,406,830	4,522,962	5,229,280	5,795,146
Fines, forfeitures and penalties	6,978,905	7,993,664	6,458,261	8,249,576	12,293,083
Revenue from use of money and property	10,439,033	7,908,954	5,385,832	14,087,837	14,851,573
Intergovernmental revenue	382,418,947	379,661,625	374,587,670	404,173,862	385,428,573
Charges for services	87,224,458	84,689,346	96,416,581	110,621,879	113,569,885
Miscellaneous revenue	11,091,239	11,648,645	11,543,413	12,513,789	9,652,580
Donation			13,537,658	6,145,113	
Total revenues	557,252,772	556,257,569	578,027,127	631,929,049	670,488,650
Expenditures					
General	36,494,615	39,042,574	38,197,737	38,619,527	44,505,563
Public Protection	133,205,484	140,359,147	142,936,105	155,069,132	164,830,857
Public ways and facilities	22,887,072	24,703,267	22,352,607	19,355,303	21,154,573
Health and sanitation	98,746,982	103,859,610	103,266,153	105,176,319	108,099,835
Public assistance	209,041,477	204,532,483	203,468,428	215,860,788	226,545,330
Education	12,950,762	9,449,163	9,676,337	10,055,515	10,522,628
Recreation and cultural services	4,401,008	5,433,031	6,606,007	4,260,721	4,414,323
Capital outlay	8,317,137	17,840,345	14,724,893	28,409,155	18,404,088
Debt Service:					
Interest and fiscal charges	11,808,658	11,207,951	18,869,034	16,417,218	16,380,484
Principal	9,635,816	10,208,176	17,014,661	13,021,864	13,578,584
Total expenditures	547,489,011	566,635,747	577,111,962	606,245,542	628,436,265
Excess of revenues over (under) expenditures	9,763,761	(10,378,178)	915,165	25,683,507	42,052,385
Other financing sources (uses)					
Capital lease proceeds	309,984	290,938	29,651		219,767
Transfers in	84,654,371	75,409,177	68,602,177	67,662,570	78,628,427
Transfers out	(80,585,027)	(69,413,722)	(76,677,619)	(68,986,762)	(88,271,040)
Loan proceeds	4,516,403		47,408,114		15,615,000
Sale of capital assets	7,722	288,640	6,710	697	
Total other financing sources (uses)	8,903,453	6,575,033	39,369,033	(1,323,495)	6,192,154
Special item					
Proceeds of tobacco securitization	52,403,206				42,153,611
Net change in fund balances	$ 71,070,420	$ (3,803,145)	$ 40,284,198	$ 24,360,012	$ 90,398,150
Debt service as a percentage of noncapital expenditures	4.22%	4.25%	7.00%	5.56%	5.27%

County of Stanislaus
Net Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured	Unsecured	Total Assessed Value	(1) Total Direct Tax Rate
1997	$ 16,798,968,191	$ 873,159,491	$ 17,672,127,682	1.0%
1998	$ 17,125,381,531	$ 920,841,788	$ 18,046,223,319	1.0%
1999	$ 17,414,464,523	$ 1,042,205,718	$ 18,456,670,241	1.0%
2000	$ 18,138,511,836	$ 1,145,681,145	$ 19,284,192,981	1.0%
2001	$ 19,269,396,995	$ 1,206,395,885	$ 20,475,792,880	1.0%
2002	$ 20,778,158,097	$ 1,360,582,907	$ 22,138,741,004	1.0%
2003	$ 24,882,144,306	$ 1,448,702,323	$ 26,330,846,629	1.0%
2004	$ 27,488,169,333	$ 1,416,767,559	$ 28,904,936,892	1.0%
2005	$ 31,643,757,615	$ 1,587,169,541	$ 33,230,927,156	1.0%
2006	$ 37,231,077,917	$ 1,680,424,352	$ 38,911,502,269	1.0%

Note: Values are full value net of State subventions as per the Assessor's assessed roll. However, adjustments and cancellations after publication of the roll are not included.

(1) Due to the passage of the property tax initiative Proposition 13 (Prop 13) in 1978, the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. Resultantly, similar properties can have substantially different assessed values based on the date of purchase.

Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

County of Stanislaus
Property Tax Rates and Distributions
of General Levy Property Tax Rate
Among Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Rates Per $100 of Assessed Valuation (Low)	(High)	County	Cities	(1) School District	Special District	Total
1997	0.8722	1.1926	11.94%	6.75%	74.79%	6.52%	100.00%
1998	0.8715	1.1576	11.84%	6.56%	74.89%	6.71%	100.00%
1999	0.8715	1.1619	11.80%	6.51%	74.63%	7.06%	100.00%
2000	0.8714	1.1728	11.73%	6.47%	74.20%	7.60%	100.00%
2001	0.8715	1.1461	11.70%	6.50%	73.40%	8.40%	100.00%
2002	0.9657	1.1382	11.58%	6.53%	74.01%	7.88%	100.00%
2003	0.9594	1.1280	11.45%	6.59%	73.46%	8.50%	100.00%
2004	0.9500	1.1105	11.18%	6.49%	73.24%	9.09%	100.00%
2005	0.9511	1.1715	11.13%	6.49%	72.90%	9.48%	100.00%
2006	0.9283	1.1683	10.88%	6.70%	71.86%	10.56%	100.00%

The County is divided into approximately 1,357 tax code areas, which are unique combinations of various jurisdictions serving a specific geographical area. The above tax rates, which include levies for general obligation bonds and special assessments, represent the low and high tax rates levied within each tax rate area.

The above allocation percentages are for general levies only and exclude general obligation bond rates and special assessments.

The passage of Proposition 13 on June 6, 1978 enacted Article XIII(A) of the State Constitution. This prohibits the levying of any tax rate, except for existing voter-approved bonded debt, in excess of the general tax rate of 1% of assessed value (4% prior to year ended June 30, 1982). The proceeds of this tax are shared by all overlapping local government entities.

(1) Includes Superintendent of Schools

County of Stanislaus
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2006 Property Taxes	2006 Rank	2006 Percentage of Total Property Taxes	1997 Property Taxes	1997 Rank	1997 Percentage of Total Property Taxes
Diablo Grande, LTD	$ 3,831,060	1	0.9656%			
Gallo Glass Co	1,606,426	2	0.4049%	1,439,293	4	0.7674%
Pacific Gas and Electric	1,534,284	3	0.3867%	1,745,009	2	0.9304%
Signature Fruit	1,357,821	4	0.3422%			
Gallo Winery	1,278,949	5	0.3224%	1,029,309	6	0.5488%
Doctors Medical Center	1,199,568	6	0.3024%	1,103,954	5	0.5886%
Hershey's Chocolate, Inc	1,128,228	7	0.2844%			
Foster Dairy Farms	1,020,492	8	0.2572%			
Hunt Wesson Foods, Inc.	978,020	9	0.2465%	812,905	9	0.4334%
Bronco Wine Co	941,297	10	0.2373%			
Recot Inc (Frito Lay)				805,841	10	0.4296%
Pacific Bell				2,206,857	1	1.1766%
Tri-Valley growers				1,621,068	3	0.8643%
Proctor Gamble				849,170	7	0.4527%
County of Stanislaus				832,563	8	0.4439%
Total	$ 14,876,145		3.7496%	$ 12,445,969		6.6357%

County of Stanislaus
Property Tax Levy and Collections *
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy	
		Amount	Percent of Levy
1997	$ 197,221,960	$ 191,821,103	97.26%
1998	$ 201,542,255	$ 197,210,207	97.85%
1999	$ 205,539,598	$ 201,224,592	97.90%
2000	$ 221,083,491	$ 216,197,440	97.79%
2001	$ 233,334,911	$ 228,045,563	97.73%
2002	$ 251,556,329	$ 245,881,778	97.74%
2003	$ 274,749,639	$ 270,047,250	98.29%
2004	$ 303,836,456	$ 295,829,739	97.36%
2005	$ 333,902,361	$ 326,003,357	97.63%
2006	$ 396,734,408	$ 383,041,323	96.55%

* Includes all taxing authorities within the County excluding Airplane Tax.

County of Stanislaus
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Assessed Value	Debt Limit Percentage	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
1997	$ 17,672,127,682	1.25%	$ 220,901,596	$ -	$ 220,901,596	0%
1998	$ 18,046,223,319	1.25%	$ 225,577,791	$ -	$ 225,577,791	0%
1999	$ 18,456,670,241	1.25%	$ 230,708,378	$ -	$ 230,708,378	0%
2000	$ 19,284,192,981	1.25%	$ 241,052,412	$ -	$ 241,052,412	0%
2001	$ 20,475,792,880	1.25%	$ 255,947,411	$ -	$ 255,947,411	0%
2002	$ 22,138,741,004	1.25%	$ 276,734,263	$ -	$ 276,734,263	0%
2003	$ 26,330,846,629	1.25%	$ 329,135,583	$ -	$ 329,135,583	0%
2004	$ 28,904,936,892	1.25%	$ 361,311,711	$ -	$ 361,311,711	0%
2005	$ 33,230,927,156	1.25%	$ 415,386,589	$ -	$ 415,386,589	0%
2006	$ 38,911,502,269	1.25%	$ 486,393,778	$ -	$ 486,393,778	0%

Note: The legal debt limit percentage is set by statue. Debt includes only general obligation bonded debt supported by property taxes.

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(as of December 1, 2005)

STANISLAUS COUNTY

2005-06 Assessed Valuation: $33,795,875,630 (includes unitary utility valuation)
Redevelopment Incremental Valuation: 2,385,346,300
Adjusted Assessed Valuation: $31,410,529,330

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/05
Modesto High School District	100. %	$ 75,789,875
Turlock Joint Union High School District	98.305	29,427,602
Ceres Unified School District	100.	24,379,806
Newman-Crows Landing Unified School District	100.	11,099,890
Patterson Joint Unified School District	99.179	20,654,108
Other Unified School Districts	Various	38,405,413
Modesto City School District	100.	24,328,337
Sylvan School District	100.	9,110,000
Turlock Joint School District	98.009	10,731,986
Other School Districts	Various	7,917,219
Oak Valley Hospital District	100.	37,000,000
Newman Drainage District	100.	375,000
Empire Union School District Community Facilities District No. 87-1	100.	18,849,193
City Community Facilities Districts	100.	87,975,000
Salida Area Community Facilities District No. 1988-1	100.	35,940,000
Western Hills Water District Community Facilities District No. 1	100.	55,765,000
City 1915 Act Bonds	100.	14,781,510
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$502,529,939
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Stanislaus County Certificates of Participation	**100. %**	**$121,550,000**
Stanislaus County Pension Obligations 100. 69,665,000		
Stanislaus County Office of Education Certificates of Participation	100.	5,685,000
Yosemite Community College District Certificates of Participation	72.549	10,425,291
Modesto High School and City School District Certificates of Participation	100.	16,170,000
Ceres Unified School District Certificates of Participation	100.	11,490,000
Salida Union School District Certificates of Participation	100.	9,195,000
Other School District Certificates of Participation	100.	25,163,466
City of Modesto General Fund Obligations	100.	90,015,000
City of Newman Certificates of Participation	100.	2,740,000
Other City Certificates of Participation	100.	5,018,388
Keyes Fire Protection District Certificates of Participation	100.	293,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$367,410,145
Less: Salida Union School District self-supporting obligations from AIG investment agreement		2,000,000
City of Newman Wastewater Certificates of Participation (100% self-supporting)		2,620,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$362,790,145
GROSS COMBINED TOTAL DEBT		$869,940,084 (1)
NET COMBINED TOTAL DEBT		$865,320,084

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2005-06 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.....1.49%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($191,215,000) 0.61%

Gross Combined Total Debt 2.77%
Net Combined Total Debt.....2.75%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: $0

Source: California Municipal Statistics, Inc.

County of Stanislaus
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
1997	419,480	8,595,594	20,404	15.9%
1998	427,642	9,310,623	21,716	14.6%
1999	432,990	9,756,560	22,244	12.8%
2000	441,364	10,572,639	23,501	8.6%
2001	446,997	10,916,779	23,467	9.1%
2002	469,512	11,460,836	23,871	10.8%
2003	481,604	11,944,709	24,337	11.2%
2004	491,900	12,880,334	25,885	10.9%
2005	504,482	not available	not available	9.9%
2006	514,370	not available	not available	8.4%

Sources:
(1) California Department of Finance
(2) United States Department of Commerce
(3) State of California Employment Development Department (data shown is for the County)

County of Stanislaus
Principal Employers
Current Year and Nine Years Ago

	2006			1997		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Stanislaus	4,764	1	2.22%	2,792	1	1.63%
Modesto City Schools	3,345	2	1.56%	-		-
E & J Gallo	3,311	3	1.54%	2,654	2	1.55%
Memorial Medical Center	2,700	4	1.26%	2,378	3	1.39%
Del Monte Corporation	2,600	5	1.21%	-		-
Modesto Junior College	2,550	6	1.19%	2,000	7	1.17%
Signature Fruit Company	2,321	7	1.08%	2,010	6	1.17%
Stanislaus Foods	2,300	8	1.07%	-		-
Doctors Medical Center	1,967	9	0.92%	-		-
Turlock Unifed School District	1,703	10	0.79%	-		-
Tri-Valley Growers	-		-	2,336	4	1.36%
Foster Farms	-		-	2,030	5	1.18%
City of Modesto	-		-	1,090	8	0.64%
Emanuel Medical Center	-		-	946	9	0.55%
Ceres Unified School District	-		-	900	10	0.52%
Total	27,561		12.83%	19,136		11.15%

County of Stanislaus
Full-time Employees by Function
Last Five Fiscal Years

	Full-time Employees as of June 30				
	2002	2003	2004	2005	2006
Function					
Governmental activities:					
General government	402	374	333	331	341
Public protection	1,342	1,301	1,317	1,368	1,378
Public ways and facilities	125	115	121	123	123
Health and sanitation	1,018	983	984	961	937
Public assistance	926	858	894	898	897
Education	85	89	91	92	93
Recreation	34	33	31	26	25
Total governmental activities	3,932	3,753	3,771	3,799	3,794
Business-type activities:					
Landfills	14	15	17	17	17
Behavioral Health	102	106	116	99	108
Health Clinics & Ancillary	273	256	263	243	222
Transit	3	3	3	3	3
Total business-type activities	392	380	399	362	350
Total Stanislaus County	4,324	4,133	4,170	4,161	4,144

County of Stanislaus
Miscellaneous Statistical Data
June 30, 2006

GEOGRAPHICAL LOCATION : Stanislaus County is located in the central part of the state of California, about 300 miles north of Los Angeles and 90 miles east of San Francisco. The County is bordered on the north by San Joaquin County, on the east by Calaveras and Tuolumne Counties, on the south by Merced County, and on the west by Santa Clara County.

AREA OF COUNTY : Approximately 1,521 square miles

COUNTY SEAT : Modesto, California

FORM OF GOVERNMENT : General Law, County governed by five-member Board of Supervisors

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1.

INCORPORATED CITIES :

Ceres	Newman	Riverbank
Hughson	Oakdale	Turlock
Modesto	Patterson	Waterford

Number of Special Districts Controlled by Board of Supervisors :

County Service Areas	20	Landscape and Lighting	8
Drainage	7	Cap. Imp.	1
Lighting	26	Total	62

Number of other Special Districts :

California Water	12	Cemetery	3
Mosquito Abatement	2	Sanitation	2
Resource Conservation	3	Reclamation	2
Community Services	8	Hospital	3
Flood Control & Drainage	2	Irrigation	4
Fire Protection	15	Drainage	1
Emergency Medical Service	1	Lighting	1
Redevelopment Agency	10	StanCOG	1
Finance Agency	2	Total	72

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2006

ELECTION JUNE 6, 2006
(County Registrar of Voters)

Registered Voters:	201,988
Number Voting:	67,129
Percent Voting	33.23%

MILES OF COUNTY-MAINTAINED ROADS
(County Department of Public Works)

1,549

CONSTRUCTION PERMITS
(County Building Department)

Calendar Year	# of Permits	Cost of Permits
1995	1,119	$1,030,349
1996	1,791	$1,031,882
1997	3,475	$1,093,601
1998	3,283	$1,506,397
1999	2,110	$1,292,098
2000	3,201	$1,616,198
2001	3,522	$1,596,172
2002	3,281	$1,703,735
2003	3,504	$2,939,814
2004	3,515	$1,326,118
2005	3,813	$4,755,706

Stanislaus
County
Striving to be the Best